

# Maclean's

THE  
HOSTAGES  
IN THE GULF

## TESTING THE NINETIES

A NEW MOOD  
OF IMPATIENCE  
MARKS THE FIRST  
CAMPAIGNS OF  
THE DECADE

Ontario Premier  
David Peterson  
In The Campaign  
For A Sept. 6  
Provincial Vote





U.S. SCOTCH OF RARE CHARACTER

## CANADA'S WEEKLY NEWSMAGAZINE AUGUST 27, 1990 VOL 103 NO 34

## 56 GUEST COLUMN/STEWART MacLEOD



*As George Bush and Saddam Hussein exchanged insults, the Iraqis effectively made thousands of Westerners hostages in the Gulf crisis. Meanwhile, Humeis made peace with his longtime enemy, Iran. Bush condemned what he described as Iraq's attempt to make "sawies" of the Westerners. — 24*



Restaurants catering to Canada's wealthy are facing a steep decline in demand for big-ticket items like \$60,000-a-ud-up luxury cars and homes in the \$2-million range. Sales have not been as slow since the punishing 1982 recession, and the rest of the retail sector appears set to follow that trend. — JH



# A Strange Silence

In the first full Canadian election campaign of the 1990s, Ontario's, a strangely-lame newspaper what should be the most pressing issue, the future of the country itself. Instead, tired, shopworn arguments over federal landfills, environmental problems and taxation policies have dominated the debate. These are the usual themes in a provincial election and, at normal times, they are vital.

But these are not normal times. With the failure of the Meech Lake constitutional accord, the election of a Quebec separatist to Parliament, the rapid reversal of opinion in the West and the formation of an independence-minded Quebec bloc of MPs, the nation is losing its way faster than most Canadians care to admit. Indiana, Iowa, Ohio, Quebec, California, B.C., are cautiously asserting their age-old claims to nationhood, and, as Montreal Bureau Chief Barry Caine notes in his story on page 10, the federal government has assumed a strongly muted stance.

Meanwhile, Ontario Premier David Peterson is one of the few political leaders in Canada who has defined a clear vision of the country's potential as a united whole in the wake of the Meech failure. He has been through many of the constitutional wars of the past decade and he is a pragmatic realist. But by the end of last week, at least, he had decided to extend the reach of the courts for the Sept. 8 election beyond provincial boundaries. That is unfortunate, because if the leader of the country's most populous province raised the level of debate to one in which Ontario's role in redefining the nation was a central issue, it could be contagious. Manitoba Premier Gary Filmon has called an election in his province for Sept. 13. Grant Denine in Saskatchewan and William Vander Zalm in British Columbia are likely to call their own votes soon. Those leaders would not leave Peterson's vision unchallenged, and what might emerge would be a constructive, powerful—and urgently needed—debate on the future for all Canadians.

*Kenn Wingle*



Peterson (left) with cover writer Barry Caine, Post-Killie journalist nationhood



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### Maclean's

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# OPENING NOTES

Sandie Rinaldo gives birth to the news, the tax man catches up with David MacDonald, and Meech Lake goes up in value

## A TALE OF TWO LAKES

The failure of the Meech Lake accord last June strikes many as a reflection of Canadian disaffection with the proposed agreement. But some of the accord's most ardent critics apparently ran the provincial lake itself in quite a different light. According to Frank Blazyn, a local real estate agent, property on Meech Lake, located in the Sarnia Hills in Ontario about a 20-minute drive from downtown Ottawa, is in great demand. But he said that last rarely became available. Now, Sam Aworthy, former principal secretary to Pierre Trudeau and co-founder, with the former prime minister, of Towards a



Aworthy: a change of heart?

Just Society, has apparently bought land on the lake that bears the name of the accord he so strongly opposed. Aworthy, who is now executive director of the CFI Foundation in Montreal, was not available for comment. But a Meech Lake resident who asked not to be identified said that Aworthy has purchased two acres near Pleasant Beach. If he builds on the property, Aworthy will be in the company of such Canadians as Minister of National Health and Welfare Peter Lougheed and Peter Genucci, who was political secretary to former Liberal leader John Turner. Both were supporters of the Meech Lake accord. But Lougheed's brother Lloyd, an air Winnipeg South Centre and another Meech opponent, appears to be staying closer to home. Said Lloyd: "I'm happy with my place on Lake Winnipeg."

## FIGHTING FIRE WITH FIRE

For nearly a year, the Vancouver-based Media Foundation has been trying to convince U.S. and Canadian television networks to air its controversial "Tubehead" commercials. The 15-second spots invite people with TV sets stuck on their heads and such messages as "TV addiction—North America's number 1 mental health problem" and "Dad, Dad, talk to me, Dad!" In Canada, only the CBC has agreed to run the ads. ARC has refused. Said vice-president Harvey Droth: "Showing that of

course, swelling up



Tubehead: number 1 addiction

ing ourselves in the face." Now, the foundation is launching a new campaign aimed at what it calls "American excess." The commercials show a pig as a cop of North America with an angry voice says: "Five per cent of the people in the world gobble up one-third of the planet's resources and produce almost half the dangerous waste. Those people are us." The pig smiles with delight and then burps. The commercials are still a production, but Media Foundation director Kalle Kalle said that, if they make it onto television, it will be the first time that TV commercials have been used to urge people to stop watching.

## A news baby girl

Sandie Rinaldo, a 26-year-old editor and co-founder of Toronto's CFTO-TV's World News, knows a story when she sees one. When the CFTO publicity department's grip on what to write in its late first hour in August, as the Marliners missed the homecoming at Old Globe, and in Arab dictators plotted the takeover of Kuwait, published reporter Steers was composing a news release that gradually announced: "CFTO-TV'S SANDIE RINALDO BEGINS MATERNITY LEAVES THIS FRIDAY." The release, which went to Toronto's major media, described how Rinaldo coped with pregnancy on the spot in the Soviet Union in January. Steers quoted her: "I had a very nervous afternoon when I was in Moscow and a pleasant experience." Steers continued: "In 1989 Sandie became Canada's first full-time news anchor to be visibly pregnant on the air. Amanda (Rinaldo's eldest daughter) was born Saturday, Dec. 27. Only one day earlier, Sandie was co-hosting CTV's Canada AM."



Rinaldo: as superwoman

Rinaldo, who in Aug. 13 gave birth to a healthy daughter, Maggie Finkle, told Marliners that she does not feel she has accomplished anything extraordinary. Said Rinaldo: "I hope they didn't make too much of the superwoman thing." Faster than a speeding news release

## A seat in the family

Other than a brief stint as a member of a Conservative student organization while he was a student at Queen's University in Kingston, Ont., Canada's ambassador to the United States, Derek Burney has been careful to keep his political scrapes a matter of conjecture. But he may be showing his true colors at last. Burney's son Alexander is running as the Tory candidate for the Ottawa Centre riding in the upcoming Ontario election. Said Burney: "He always told me he wanted to be in some day so I guess this is how he plans to start." Not exactly following in his father's footsteps, but close.

## A debt to the tax department

It was a close shave—and an embarrassing one—for one of Canada's pre-eminent citizens almost lost his Prime Minister's Island home away from home to the tax man. David MacDonald, Conservative MP for Toronto's Rosedale riding, former cabinet minister and ambassador to Ethiopia, was riding the ferry in his family home near Stanhope Beach, P.E.I., when he noticed his name in an advertisement in the *Charlottetown Guardian* about the pending "Provision of P.E.I. properties scheduled for tax sale." Said MacDonald: "I almost fell off the ferryboat. These nasty taxes are always printed in the *Guardian*." The ad stated that the properties listed were "scheduled to be sold for unpaid taxes on the property of the Real Property Tax Act by Sept. 15, 1990." MacDonald said that he had not received his tax bill for several years. But he lost no time



MacDonald: a home on the auction block

paying the outstanding \$2,400, and the Stanhope house is still in the family. However, the saga remains. Said a family friend: "These newspapers just don't give a damn who they humiliate." It is a taxing job, but someone has to do it.

## BORDERING ON BAD RELATIONS

A controversial new 350,000-square-foot shopping mall has opened in the village of Massena, N.Y., across the border from Cornwall, Ont. And Canadian bargain hunters from as far away as Ottawa are rushing to shop at lower U.S. prices. Said Cornwall Mayor Philippe Jettier: "There is no way Massena could support a mall that size. It is built in the middle of nowhere." A spokesman for the mall developer said: "Of course we were trying to attract Canadian shoppers. That's why we chose this location." Bargains know no borders.

## NO HOCKEY NIGHT IN SASKATOON

It would have made the long Prairie winters a little more bearable, but hockey promoter Bill Hunter says his dream of an NHL franchise for Saskatchewan is dead. And the former general manager of the Edmonton Oilers blames Premier Grant Devine, Hunter, who has been trying for 10 years to bring hockey to the province, said that the government would not provide a \$20-million loan guarantee to key an expansion franchise. Investors spend more than Devine is reluctant to risk taxpayers' money—especially with an election imminent. But, in 1992, money was not the object. A plan to buy the St. Louis Blues left through when Hunter tried to move that team to Saskatoon. It would have been easier to move Saskatoon to Missouri.

## PORNOGRAPHIC PRIORITIES

Members of a conservative U.S. group called the Religious Alliance Against Pornography say that they are upset. On a recent letter to the White House, George Bush didn't meet them because of what a White House spokesman called a "scheduling clash." But when a spokeswoman Nancy Clausen learned that Bush later found


time to meet with religious leaders including Jingle's Charles Hefner, her super-fund. Said Clausen: "We were invited to the White House, but the President didn't get to it. No senior officials gave us any time at all. We were given a briefing on art by some guy whose name I forgot. Well, I have just learned that the President did talk with Charles Hefner. Isn't that interesting?" However, the White House spokesman said that, as far as he knows, Bush does not read—or look at—Playboy.



Before: Playboy and the President



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## All hail the fall of the Yankee tyrant

BY FRED MEYERSON

**W**hen O'Malley dragged the Dodge out of Brooklyn to 1987 and exposed the entity he deserved. It was a lasting, fairly concerned and fully realized, a homeless, wondrous fact that sustained the plot line of those believed from the first moment of taking to the streets. O'Malley got a weekly ball park in the Golden era song, the Pathetic ballad got a guy they could have in perpetuity.

There was nothing like O'Malley until George Steinbrenner came along. Whereas O'Malley made his bones with a single criminal act, Steinbrenner worked for 17 years perfecting the finer points of aggression. As majority shareholder of the New York Yankees, Don George was imperious and moored. He was arrogant and aloof. He had a reputation as a bully and know-it-all. In his way, the fellow was a genius—the Kaiser of baseball.

Steinbrenner changed managers like cabbies switch lanes. On the payroll during batting practice, a Yankee sleeper might be history by the national anthem. Billy Martin took the job five times and five times was replaced. Only an attitude death prevented what surely would have been Martin's sixth tour of duty and, of course, his sixth departure. Players came and went at an astounding rate, too—often before they had a chance to play in their first season. George just loved to shove people around. Even New Yorkers who thought they'd seen about everything had to agree: the Steinbrenner was some piece of work.

What an operator! In 1974, Steinbrenner was fired for making illegal campaign contributions to Richard Nixon and briefly suspended from baseball. Twice he was reinstated for misbehavior with players. Another time, officials penalized Steinbrenner for questioning the integrity of National League umpires—during an exhibition game, yet. True to form, Steinbrenner shored a couple of American League umpires two months later and was disciplined.

Fred Meyerson is a writer with *Norwalk* in New York.

*Steinbrenner was a rare natural resource—a lunkhead extraordinaire, a usurper of tradition, a destroyer of self-esteem*

again, he looked and life, the Boss looked only for one ground rule.

But for citizens of the Big Apple, perhaps nothing was more unsettling than Steinbrenner's pedigree. He was from Cleveland, where over that was—a hero, self-promoting bugle from a newspaper called *Cleveland Once* he had been a football coach but now he built ships. The future of the New York Yankees was in the hands of a disbeliever, can you beat that? What did a guy who made his money laundering freighters out of the Atlantic care about Yankee pride, or New York, for that matter? Except for making money and boasting his ego, what did Boss George care about anything?

It was all so extraordinarily delicious. Brooklyn denizens had to content themselves with meanness of the scorned O'Malley, but Yankee fans could pick up the paper almost any day and grow dispirited over George. Radio talk shows made a living off the man and headline writers entered a Golden Age. Convinced that money alone assures success, George paid players salaries but, in recent years the team went nowhere. Things got so bad earlier this season that a Yankee pitcher spun a no-hitter and lost.

Ab, the dawning. The controversy. The glow, down and entry. In a town like New York, where sport is a way of life, Steinbrenner was a rare natural resource—a lunkhead extraordinaire, a usurper of tradition, a destroyer of self-esteem, an inherent card-tossing who once actually hunted for might more the Yankees of Ruth, Gehrig, DiMaggio and Mantle from the Bronx to New Jersey—*New Jersey!* Steinbrenner was everything the city could want in the way of a muckraker, among the very best.

New George took himself as dispensable as one of his managers. Ever he went sunny, Steinbrenner paid a known gambler for information potentially damaging to Dave Winfield—and Winfield was traded this year. Steinbrenner and the outfielder loaded suddenly over cash and contracts—and baseball commissioner Fay Vincent echoed what Yankee fans long have shouted from the stands: George must go.

Steinbrenner would still own plenty of Yankee stock, but his days as general partner were over: he would no longer control club operations and under some circumstances, even would need written permission to attend a game. Steinbrenner threatened to install his son Hank as top man, but Hank was declined and George was forced to draft Robert Monteleone, a theatrical producer—what else? What, in essence, was the Yankees' majority partner sent for Steinbrenner's replacement, commissioner Vincent stuck by his decree. Anticipating the end of an era, one day he said, "Bye, George."

News of Steinbrenner's demise prompted two standing ovations during a night game at Yankee Stadium and immediately ignited the championship season. "No more George!" affirmed the crowd. Mets fans briefly avowed their contempt for the crooked franchise and saluted what had at last happened. As people of a certain age recall it, say, as with the death of a Yankee great, something about the time Boss Steinbrenner was shown the commissioner's door.

But wait. Is there a cut? With Steinbrenner out of the way as Yankee general partner, the team may experience better days—it would almost have. The organization is wealthy—George knew how to bring in the bucks, say they for him—and under critical management almost certainly will flourish. Instead of spending wildly for an assortment of semi-talents, smart leadership will choose its superstars judiciously and invest in the farm system. Closer administration will cease the ballyhoo and adequately get down to business.

While some Americans fret the implications of a resurgent Germany as a non-Communist Europe, baseball fans from Brooklyn to Princeton are better advised to watch the new-to-be renaissance Yankees. Once the Bronx Bombers swigged their way through every season. They were a fixture in the World Series. They made life miserable for everyone not of purport. And already they are playing better ball. Could this be Steinbrenner's revenge? Yes, the Boss is gone. But watch out if those damn Yankees are back.



Premiers in Winnipeg: a recycled agreement on reducing provincial trade barriers, but no new national vision

## CANADA

# FUTURE UNCERTAIN

Ever since the collapse of the March 24 conference, the future of Canada's confederation has been distinctly gloomy. And the angry outbursts and recriminations that followed the accord's death, some analysts have said, may further strain to revitalize Canada's constitutional future would only increase regional divisions and ill feelings. Still, after a brief summer respite, night of the country's premises—reshaped by Quebec's Robert Bourassa—again turned their attention to that last lost week. They achieved mixed results. Meanwhile, in Quebec, there were renewed signs of the powerful current of nationalism sweeping that province. While Bourassa appeared to have members to a new confederation common sense that will examine the province's future constitutional course, an openly separatist candidate scored an unprecedented victory in a federal by-election in Montreal.

For political leaders outside the province, those signs were impossible to ignore. Declared a grim St. Lawrence Premier Grant Deane: "There is a new political reality coming out of Quebec. We are doing our best to try

## THE PREMIERS SEARCH FOR UNITY AS A SEPARATIST WINS A CRITICAL BYELECTION IN QUEBEC

to cope with it." In Quebec itself, Bourassa is plainly also struggling to channel the convergent nationalist sentiment in his province.

A measure of the difficulty of that task is the fact that Bourassa has had trouble finding an individual to lead his constitutional commission. One problem is that his choice must not be acceptable to the staunchly pro-independence opposition Parti Québécois. For his part, Prime Minister Brian Mulroney has tentatively suggested last week to his vacation base in

Harrington Lake, north of Ottawa Island, Louis Deak, professor emeritus of political science at Laval University in Quebec City, he once, observed pointedly last week, "The most striking element in all of the turmoil we are experiencing is the noticeable absence of any federal participation in the debate."

In contrast to political insiders who continue to espouse federalism, those openly committed to Quebec's independence have clearly flourished. Their cause was given extra momentum last week when Gilles Duceppe, the standard-bearer of Jacques Bourassa's sovereignist Bloc Québécois, won a landslide victory in a federal by-election in the working-class, east-end Montreal riding of Laurier-St. Maurice. The 43-year-old union organizer won 66 per cent of the vote, soundly defeating Liberal candidate Denis Gauthier and crushing both his Progressive Conservative and New Democratic Party opponents. For his part, Tony Christen Fortin managed to accumulate barely 3.8 per cent of the ballots cast. (The Tories have little better as a second by-election in Ontario, Ont., taking just 6.4 per cent of the vote in that candidate's riding. Although only won the seat held by former party leader Edward Broadbent.) Of

Duceppe's victory, meanwhile, Broadbent declared, "It seems to be a clear-cut message to English Canada that Quebec has made a firm decision to build a new country here."

The Quebec result further complicated Bourassa's attempts to create the special parliamentary commission that he has promised will survey provincial opinion about what constitutional path the province should follow. For the past month, the premier has been overseeing in absentia former governor general Jeanne Seavey in charge of the commission. Because of Seavey's feminist record, however, the appointment has met resistance from Parti Québécois leader Jacques Parizeau. Parizeau's new preference is Jean Cosentino, the bloody nationalist former chairman of the powerful Groupe de l'Appel et placement du Québec, the Crown investment agency that controls \$28 billion in Quebec pension and insurance funds.

At one point last week, the two leaders were on the brink of resolving the impasse by selecting both Seavey and Cosentino as co-chairmen. But that agreement ran into an eleventh-hour

of March in Winnipeg, despite two days of closed sessions. The protesters' flight of the other one province (Alberta's Donald Getty, co-sponsoring from an earlier operation, said deputy premier James Horneau) arrived it so new offer to bring Quebec back to the constitutional table.

In a clear attempt to demonstrate that the rest of the country, at least, remains committed to a common future, the protesters did declare the start of a process to dismantle the numerous regulatory barriers that hindered trade between the provinces. But, in reality, the agreement was little more than a recycled version of a provincial deal to phase out policies under which provincial governments have traditionally given preference to suppliers from their own jurisdiction. It left unaffected most of the major barriers to trade—including one preventing free trade in beer and alcohol. And despite the fact that Quebec had submitted a similar proposal two years ago, several of the protesters privately conceded that the province was unlikely to join in the latest version.

Drummond's Frank McKenna acknowledged the lack of progress when he concluded that the agreement amounted to only "a few faltering steps down the long path to national reconciliation."

Many analysts said that they were also puzzled—in view of the fact that the federal government from the constitutional debate. Although Mulroney has publicly vowed that he will never preside over the dismantling of Canada, there were few signs last week that his government is actively pursuing an agenda for national reconciliation.

Federal-Quebec Relations Minister Lowell Murray, one of the few senior members of the government in Ottawa last week, welcomed the province's decision to lower trade barriers. But he added that the Conservatives had no plans to convene either a First Ministers' conference on the economy, as the eight provinces requested, or a review of a proposal for a similar gathering to discuss active issues.

"There are no plans at the moment," he said last week, although there is no doubt about it.

The door to renewed goodwill and common interest among Canada's fractious regions would be open. What appeared lacking last week was any indication that Canadian political leaders were inclined to enter.

BARRY CANE in Montreal with NANCY ROSS in Winnipeg

## National Notes

### BLOCKING THE TRACKS

Two Northern Ontario Indian bands forced the rescheduling of freight and passenger trains travelling between Toronto and Thunder Bay, they would blockading across CN and CP tracks to protest against land claims and to request support for the Mohawk blockade in Quebec. CN Rail has applied to the Ontario Supreme Court for an injunction to have the tracks closed.

### TUTU SUPPORTS NATIVE RIGHTS

American Archbishop Desmond Tutu, in Canada on a 10-day visit, described relations as a remote Indian reserve a "sustainable" as a "model of development" that reflect his belief in South Africa. Tutu, who spent two days at the Oshana Oshana community, 315 km northwest of Thunder Bay, said that he would urge Prime Minister James Mulroney to improve living conditions for Canadian natives.

### A NEW CHIEF OF STAFF

Prime Minister Brian Mulroney appointed his former chief secretary for federal-provincial relations, 41-year-old Norman Spector, as his new chief of staff, replacing Stanley Plant, who planned to return to the private sector. Spector said that his first priority was to develop a new agenda for federal-native unity.

### A VICTORY FOR GAYS IN ARLMS

The federal security intelligence review committee ruled that a Canadian Armed Forces policy that requires homosexuals as security risks violates constitutional guarantees of equality and freedom of association. A committee member recommended that Lt. Col. Matthew Douglas, whose resignation the Forces demanded in 1989 after also admitted that he was a lesbian, be reinstated with back pay and a "top secret" security clearance.

### OPPOSITION TO A BRIDGE

A federally appointed environmental review panel recommended against building a proposed \$800-million bridge between Prince Edward Island and New Brunswick. The panel said that the 13-km bridge would threaten the area's fishery.

### SEPTICEMAN AGREE A GREEN PLAN

The federal government released a 168-page report recommending "Canadian" responses to Ottawa's so-called Green Plan on the environment. The report, which cost \$6 million to compile, stated that there is widespread skepticism about the government's willingness to tackle environmental issues.



Bourassa (left) and Duceppe building a 'new country'

course, apparently because Seavey had proposed for a constitutional role in the commission's deliberations. Booyed by the outcome in Laurier-St-Maurice, Parizeau firmly rejected any attempt to limit his own candidate's influence on the commission.

Senators close to the Quebec premier said that the impasse was likely to be resolved this week. But no matter what the eventual outcome, Bourassa's difficulties with his potential were symptomatic of the state of Quebec's constitutional efforts at the moment.

# Law and disorder

Rioters attack an unpopular police force

For more than a month, officers of the Québec provincial police force, the *Sûreté du Québec* (SQ), had confronted severely armed Mohawk warriors on barricades erected outside the Mohawk reserve near Oka, Que., and along the Meville Bridge linking suburban Châteauguay with Montreal. But, for three consecutive nights last week, the police force's non-combat officers—backed up by members of the Royal Canadian Mounted Police—were drawn into violent sieges. Native residents of Châteauguay,

their anger fuelled by frustration at the continuing closure of a key commuting route, pelted police with chunks of concrete, pieces of steel and flaming Molotov cocktails—killing several SQ officers, burned and bruised. Finally, on Friday, Mayor Robert Laperle made a startling admission. Declared Laperle, "We are incapable of maintaining peace and order."

It was a demoralizing confession for a force that already suffered from low public esteem. Among many Québécois, the SQ has long been associated with heavy-handed intervention in labor disputes. And native distrust of the force has led at least one Indian head to fire 50 rounds at a reserve. But last week, the extent of the force's exhaustion finally became clear when 50 representatives warned Québec Premier Robert Bourassa privately that his provincial police were close to striking. Bourassa responded late on Friday, requesting the Canadian Armed Forces to move a contingent of troops—already on stand-by outside Oka and Châteauguay—to replace the 50 units at both sets of barricades.

Chief of Defence Staff Gen. John de Chabert stressed that the troops—equipped with armored personnel carriers—would disarm the police barricades at Oka and Châteauguay. "We are not several days. But he added that they would allow the Indian negotiators to stand while federal and provincial negotiators sought a peaceful solution with the Mohawks. Said de Chabert: "This move is simple to relieve the *Sûreté du Québec* of its anachronistic role and to position ourselves to help open discussions have been made to resolve the dispute."

But the SQ's humiliating retreat seemed likely to do lasting damage to its already tarnished reputation. Said Jean-Paul Rivest, a criminologist at the University of Montreal, "They have been used a tradition of professionalism that they have been trying to build for a long time."

In fact, the SQ's relations with civilians have long been uneasy. Many Québécois recall the SQ's reputation in the 1940s and 1960s as a sometimes harsh organization that was widely considered to be under the personal control of then-Premier Maurice Duplessis. Older Qué-

becois support of their claims to fishing rights on the Saguenay River in the Gaspé region. And in 1979, 50 patriotes shot Québecer *Mohawk* David Cross to death after he drove at high speed across the Meville Bridge to his home at the reserve. Since then, incident after incident has raised the SQ's profile on any of the province's roads. Said Richard White, a *Mohawk* band council chief: "People were really tired of it. It was so unnecessary. We told them to keep off our reserve." Relations between the *Mohawks* and the SQ have deteriorated since July 11, the day an SQ corporal was killed during the force's abortive attempt to dismantle the *Kanawake* band's barricade at Oka. At Québec, federal government and *Mohawk* negotiators tried last week to reach an agreement to let the blockade, the largest blockade was one of the obstacles to a settlement.

At the same time, the SQ was at violent odds with its several adversaries—suburban commuters from the Châteauguay area. Yves Fortin, 45, a former SQ secretary and leader of a civilian group protesting the shutdown of the Meville Bridge, said that as riot officers charged and choked him during demonstrations at nearby St-Louis-de-Gonzague. Said Fortin, who served for 23 years with the force: "I used to be proud of the SQ. Now, they will have to retract their image completely. It is broken."

In fact, residents of Châteauguay had for several weeks urged the government to replace police with troops. When SQ soldiers, threatened to withdraw members from the area unless their rank and file were allowed more discretion to use force against demonstrators, the army was left to pick up the pieces. In all, it will deploy 20 Châteauguay 700 troops of the 5th, Canadian Mechanized Brigade from the Canadian Forces base at Valcartier, Que. A further 700 will go to Oka. The Châteauguay contingent will start removing the barricades on Monday, replacing them with barbed wire and temporary army liaison officers will keep residents informed. Said Lt. Gen. René Fortin: "Our soldiers are under orders not to fire unless fired upon."

The troops' presence, with their armored cars, may soothe some Châteauguay residents—and provide a welcome escape to the town offices of the SQ. But it is unlikely to dispel a better number of distrust and anger that seems certain to outlast any settlement of the current crisis—both among the *Sûreté du Québec* and the citizens whose security the force is designed to protect.

DAN PERRE in Châteauguay



Ambulance attendants treat injured police officers under siege

beers, a particular, still recall the force for its role in the violent, Quebec-wide leveling of a pickup line set up by striking asbestos workers in 1949. Although the force emerged itself in the 1960s with the assistance of two former RCMP administrators, its public image remains fragile.

Even before the current crisis, the force's record in dealing with native people was controversial. In one 1981 incident, officers attacked unarmed *Mohawks* demonstrating at



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Filmon: the united front on Meech Lake has dissolved into personal bickering

## A test of leadership

Manitoba's Filmon seeks a majority mandate

For two days last week, Manitoba's Conservative Premier Gary Filmon enjoyed a national profile as he chaired the semi-annual conference of governors at the Rixton Hotel in downtown Winnipeg. But within three hours of formally closing that meeting on Aug. 14, Filmon returned to the more grueling task of trying to win a majority mandate for his two-year-old minority government in a general election set for Sept. 13. The premier, dressed casually in a green sport shirt and tan slacks, invited confidence to his speech. He thanked the crowd and invited with voters at Winnipeg's recent two-week Producers conference of legislators. And the next day, at his own inauguration ceremony at a local school, Filmon told supporters that his campaign would focus on leadership. Manitoba, he said, "have had a chance to see me in action for the past 20 years. I am confident that they feel comfortable choosing me."

Filmon's enthusiasm on the hustings reflects encouraging results in pre-election opinion polls. According to the Angus Reid poll taken in June, Filmon's Tories are supported by 54 per cent of decided voters, compared with 28 per cent for the Liberals and 18 per cent for the New Democratic Party.

But the premier, a former engineer and businessman who has led the Tories since 1980—his 40th birthday in Aug. 24—has tried twice before to translate early lead-in the polls into decisive electoral victory, and failed. In

1986, after winning a spring election campaign ahead of rival parties in opinion polls, Filmon's Tories lost to the incumbent New Democratic Party under Howard Pawley. Then, in April, 1988, after the NPD lost a vote of confidence as an unpopular budget, the Tories again entered the campaign with a commanding lead in the polls, but managed to win only 25 seats in the 57-seat legislature, compared with 56 for the Liberals and 13 for the NPD. In both cases, some Tories blamed Filmon personally for the disappointing results and urged a change in leadership. But his popularity in the province targeted when he joined with opposition party leaders inousting the Meach Lake accord during this spring's constitutional battles. And to the chagrin of Liberal Leader Sheer Carstairs and NDP Leader Gary Doer, who both supported him, the Tories now calculate that their party can capitalize on Filmon's claim to strong leadership.

Indeed, the solidarity that Manitoba's three party leaders showed during the Meach Lake has dissolved into personal bickering. For his part, Carstairs has accused the Tories of waging a "whisper campaign" against him to attract voters that are attracted to taking tough stands during the high-pressure June negotiations at Ottawa. Furthermore, the Liberal leader revealed that Filmon had publicly admitted to suffering a "physical collapse" following the failure of an early business session. Filmon has said that Carstairs is "not a person I would ever look upon as a friend." And

Doer, 42, a former union president, has dismissed both his opponents as "the gold-dust twins" they are on the same cocktail circuit around River Heights and Theodo"—a reference to two of Winnipeg's wealthiest ridings—represented, respectively, by Carstairs and Filmon.

Beyond the personal animosity, the party leaders are concentrating on building up their respective political bases. Winnipeg, home to 58 per cent of Manitoba's population and 31 of the 57 provincial ridings, is the key battleground. In the 1986 election, when Carstairs led his party from her one-seat stronghold to the province to the verge of a dramatic upset, the Liberals won 45 but over of these 20 seats within the city limits. "We could gain seats here," says Carstairs, 48, a former schoolteacher, "especially if people get the idea that a vote for the NPD helps re-elect a Tory government. The result, plus a disappointed vote rate in me." By contrast, most observers expect the Tories to remain dominant in the rural ridings of eastern and western Manitoba and the NPD to retain four seats that they hold in the sparsely populated North, where one-party swing towns and Indian communities dominate the political landscape.

Filmon's challenge is to extend his appeal beyond the party's core rural support. "Part of the strategy is to reinforce his image as a leader," said political pundit Greg Meach of Winnipeg-based Prairie Research Associates Inc. "The other part is to try to distance himself from Brian Mulroney." And Filmon appeared eager to distance himself from the Prime Minister. On his campaign bus, the premier's cause, emblazoned in large bold letters, dwells the wisdom of Filmon's party affiliation. And even in the rural Tory strongholds, voters' sentiments suggest that their leaders may well be necessary. "They will likely vote Tory again around here," said lawyer Frank Staines, 36, as he jumped a truckload of rice last week into the Manitoba Wheat Pool's weather-beaten elevator at York Burnham, 160 km west of Winnipeg. "But it's nothing to do with Mulroney." Added Staines, in a reference to Canada's flagging economy: "The Prime Minister likes the Third World so much he wants to make Canada a member."

Still, Filmon has based his campaign firmly on traditional, realistic conservatism. He stresses the need to increase investor confidence and plug gaps that a re-elected Tory government will streamline the civil service. Last week, he flew to The Pas, Man., where he told voters that the 1988 sale of a Crown-owned pulp-and-paper mill to privately owned Pulp Enterprises will mean more secure jobs and more economic activity. Those claims are not well met among all voters that Filmon, clearly, is confident that his current attempt to win a majority will prove to be third-time lucky. If he is wrong, he is certain to have renewed doubts about his political leadership—and thereby diminished prospects for a fourth election.

BRIAN BERNHART with JOHN ANDREW  
on Winnipeg

# TESTING THE NINETIES



Rae campaigning in a Hamilton market; Peterson (opposite) in Toronto's Rouge River Park: high taxes and turmoil

It began as a picture-perfect campaign taking along the banks of the beautiful Rouge River in Metro Toronto. Sporting jeans and a red sweatshirt, with TV cameras in tow, Ontario Premier David Peterson straggled across scenic trails in an 18,500-acre provincial park. For the premier, it was a chance to show off how much the Liberals have done for the environment—and for the voters—before the Sept. 8 election. Then, Murphy. Picher darted into the picture. Sporting the red signs and the banner strumming as in August haze, she snatched her way before the cameras to ask Peterson about Metro Toronto council plans to install a garbage dump near the park. "You made this a

## A FED-UP PUBLIC DIRECTS ITS RESENTMENT AT ONTARIO'S POLITICIANS

park, that's great," said the union representative and 58-year neighborhood resident. "But why don't you go a step further and say that there will not be a dump here!" Peterson proved the impossibility for that decision on Metro council. That led Picher to respond that he did not have an answer to her question. Early the protester and the mildly irked premier made the evening news.

Such encounters are Peterson's welcome to the new politics of the 1990s. Midway through the first full-blown Canadian election campaign of the new decade, Peterson is already testing the bitter fruits of the electronic's satiating anger. From the very minute that the premier called the election on July 30, protesters seized by special issues have clogged his path. "Trucks



ten, lawnmowers, environmentalists, food workers and doctors have all inspired the campaigning premier. To top that public anger, both the Conservative party and the New Democratic Party are running relentlessly negative campaigns. As a result, the Liberals' steadily high standing in the polls since their sweeping election victory in September, 1987, is apparently dropping.

**Peterson:** It is a phenomenon likely to dismay leaders in other provinces, as well. Manitoba is already in the grip of an election campaign leading to a vote on Sept. 13. The governments of British Columbia and Saskatchewan are also likely to go to the polls in the near future. They will all soon become aware of what political experts are warning: voters in every part of the country are fed up with high taxes, constitutional turmoil and economic uncertainty—and they will vent their frustrations upon politicians at every stripe. "Said pollster Michael Adams, president of Toronto-based Environics Research Group Ltd., "Politicians are not a high regard, and political institutions are at a fairly low level of credibility. Essentially, if you ask people what government does these days, they would tell you that government takes people."

Peterson does not appear to be in serious trouble. He held 93 seats in the 130-seat legislature against the Tories' 19 seats, the Tories' 17 seats and out majority. But Adams added, "In other provinces, you could see voters turning out to the incumbents, actually saying, 'Let's throw the incumbents out.'"

And that highly charged atmosphere, Peterson must confront: the new economic and constitutional realities of Canada in the 1990s. On the constitutional front, all provinces must devise negotiating positions in the wake of the June 23 decision of the British Lake court. That agreement would have shifted power from Ottawa to all provinces in via Quebec's acceptance of the Canadian Constitution. Although Peterson was a firm supporter of the accord, he now embraces Ontario's traditional role as the defender of a strong central government. On the economic front, wealthy Ontario is finally feeling the pinch of the country's economic slowdown. The provincial unemployment rate is July at 8.5 per cent, the number of business bankruptcies soared by 54 per cent during the first six months of 1990 (page 14). In response, Peterson has control his campaign on his record of economic stewardship.

Most importantly, however, Peterson will have to defuse that rage at politicians and the political process in the face of an opposition determined to fuel voters' wrath—and to focus it on the Liberal record. In an upcoming campaign, single-issue campaign, Conservative Leader Michael Haugen is hammering the government with daily reminders of the Peterson tax increases, charging that provincial tax revenues from all sources have risen 130 per cent since the Liberals last formed a majority government in 1985. The New Democrats, in turn, are insisting that ordinary voters have not received value for that money. Day after day, Bob Rae attacks Peterson with tongue-winded statements that flesh against TV screens. "Liberals will not be discredited," "Racial complex demonstrates Liberal red-reverence!"

**Response:** Those messages have apparently struck a responsive chord. Conservative campaign chairman John Lanchester told *McGill's* that, according to his private polls, the Liberals have fallen about 10 percentage points during the first 16 days of the campaign. He later released a Conservative poll by Decima Research, conducted between Aug. 11 and 13. The telephone survey of 500 Ontarians put the Liberals at 40 per cent of the decided vote, the New Democrats at 30 per cent and the Tories at 28 per cent. "My sense is that Peterson is on the wrong edge of a lot of issues," said Lanchester. "Our campaign is very simple. We had a reasonably narrow window on taxation and we are going right through it—just like the eye of the needle. It is missing a lot of points."

Still, the opposition parties have their own problems. Demonstrators have also disrupted their campaigns, perhaps as a pointed reminder that public disillusionment extends to all politicians. The affable Haugen is a relative unknown; he was only elected as party leader on May 12. To add to his problems, his taxation issue is a double-edged sword. It is the federal Conservatives who introduced the seven-per-cent Goods and Services Tax scheduled to take effect on Jan. 1. Haugen has also expected such unpopular measures as user fees for every patient who visits a doctor. The polished Rae, in turn, has to distance opponents who charge that socialists are big spenders. So far, the NDP leader has concentrated his campaign on the Liberals. When the leader does introduce an issue

## PROTESTERS HIJACK THE CAMPAIGN AND CAPTURE HEADLINES

plains, he may lose some two-way supporters (page 18). Argued Liberal strategy chairman David MacDonald: "There is no question that this is a catchword. But it still becomes a question of who do you really believe is the best analysis is best able to handle the vote."

The Liberals are counting upon their record—and upon the voters' high personal regard for Peterson—to provide the answer to that question. Liberal polls prior to the election

in pre-Cambridge, however, that Canada would always deeply act as Ontario's interests because Ontario was so dominant. But the federal government's wish only has ended so far as the post-black Lake era that Ontario has to start coming to its own authority and its own influence. It can no longer assume that what is good for Canada is good for Ontario.

Those two planks—good economic and constitutional leadership—constitute the core of the Liberal campaign. There is a

Liberals would raise taxes if they were another company. 20 per cent of the voters who they would not change taxes, and a mere five per cent believed that they would lower them. As well, 79 per cent of the respondents "somewhat" or "totally" agreed that high taxes threaten the province's economic health. Armed with this data, they believe Harris has concentrated upon a different aspect of his policy role compared. On one day last week, he emphasized that private capital should be employed to construct schools, roads, and sewer systems. "Higher taxes to pay for it all would completely stifle our ability to compete," said Harris. They stress the same message. So, one, they play back a locked-in a new angle, the option "Don't let Peterson get the answer on your side."

That message strikes a responsive chord—but the Conservative campaign has its own weaknesses. MacDonald concedes that it is difficult to connect a different message to every day of the campaign. As well, the voters may respond to the message, but many may have doubts about the new message. Harris, as a reference, knows right-wing Tory from Newquist, in the province's rural north, is likely to have little respect to his own voters. The provincial Conservative party itself is a mere shadow of the past that ruled Ontario for 42 years from 1945 to 1985. The deeply indebted Tories are running a \$14-million campaign when their legal limit is \$2.2 million, leaving them limited resources on only 56 of the province's 130 ridings. Last week, only 10 voters attended the inaugural meeting of Tony Cousens' Denis Langlois in the north-east riding of Algoma.

There is also the target of protesters. As he emphasized Toronto voters last week, a Green party member wanted that he answer 12 questions or he would be arrested. MacDonald is a handful of voters demanded the immediate completion of a local subway extension. When cousin Joan Brady 20 asked about the high cost of loans. Harris said that housing prices "are a function of taxation and supply." Frustrated, Brady later complained that no people had the money to buy houses. "We're not going to be anybody who wants to help the middle class."

The new campaign is targeted at just such disillusioned voters. Strategists have concluded that Ontario voters are fed up with high taxes and deeply disappointed with the government's performance. The new campaign has announced how specific policy initiatives to ensure that the public does not

deserve it as a big spender—and a big loser. Harris, it has emphasized Liberal feelings—through a well-organized series of demonstrations—order to handle anti-government hostility in one early August speech before an automobile wrecking firm in Thunder Bay, Rae told his audience that Peterson promised a very specific plan: to shift 100,000 automobile insurance premiums into a \$600-million insurance fund to insure companies which had raised benefits and increased premiums. "Changed the campaign," said David Harris. "The Liberals, the agenda has been hijacked by a party that has paid out to some very powerful interests."

That largely negative campaign is unusual, and perhaps rare, in the Ontario New Democrats. Early or seldom, it is difficult for the party to present the public perception that candidates spend more on their own. MacNaughton has been under increasing pressure to go to his own platform. Last week, he called a Toronto hotline and pushed for specific policies to protect the environment and punish polluters, to provide affordable housing and to order homes in response. But he promised specific policies later in the campaign, urging the voters are "very skeptical" about politicians who make daily promises.

**Discontent:** In the end, the Liberals, if chosen, are widely expected to survive the summer of political discontent—if only because the party elected Harris is unlikely to lose the voters and clearly angry with everyone and everything. MacNaughton points out that, although voters are disturbed about high taxes, they also continue to demand more government services. Health costs, for one, rose by 25 per cent from 1980 to \$25.3 billion in 1990-1991 from \$19.5 billion in 1989-1990—but the Ontario Medical Association has wanted the Liberals of closing 3,000 hospital beds when they promised to open 4,000. Declared MacNaughton: "The pressure on governments to do more at the moment is people are upset about taxes is absolutely incredible—and very difficult."

Last Sept. 6, the Liberals will continue to stress their accomplishments, showcasing their leader, showing up their valuable moments and doing their election machine. But beneath that familiar symbolic show is a sense that the traditional rules of the game are changing everywhere. A major Liberal strategy moved last week that Canadians now believe that they cannot count on anyone except "The politicians, the established order, the structural systems like churches—there is nobody saving," he said. "They feel that all the traditional standard—there are, let them know. They know that the system is changing, and power or they could take it out in a worse way by saying it does not matter." Better way, the Ontario election has already proven that the last of Canadian politics is changing—perhaps profoundly.

HARRY ANKMAN and PAUL RANDEL  
and NANCY WOOD in Toronto

## TAINED FUNDS

### SIMMERING SCANDALS DOG THE PREMIER

**I**n one potential political scandal that Ontario Premier Peterson clearly is hoped to avoid. Last summer, allegations that former Liberal party head Ron Peterson may have illegally diverted charity money into political campaigns led to the resignation of a top Peterson aide and the dismissal of five cabinet ministers linked to the case. Since then, a series of other changes arising from the affair related changes are also pending against a number of former and present Ontario Liberal party officials. But, by selling a potential scandal for Sept. 6, Peterson has hoped that the vote would take place before any potentially damaging testimony could emerge from any trial. A preliminary court finding of the charges against Starr is scheduled to open only at the campaign climax Sept. 10. Peterson's move is seen as a calculated attempt to keep the affair, which opposition NDP leader Bob Rae described as the "last underbelly" of the Liberal government, firmly in the public mind.

The Starr affair surfaced in February 1989, after media reports that the Toronto section of a charitable foundation, the National Council of Jewish Women, of which Starr then was president, had made political donations—thereby contravening tax rules that govern charities. The controversy resulted in the resignation and ouster of Starr. At the time, reports and a Toronto law firm hired by the council claimed that Starr had donated more than \$50,000 of charity money—from a fund financed largely by provincial sales tax rebates on a confidence of donors—to the campaign of various provincial and federal politicians. Among them was Toronto-area MP James Peterson, the premier's brother. The MP said that he was unaware that any donations had come from the charity. But that same month, the premier's executive director, Gordon Adair, admitted that he had not received answers and had not

paid for a reprimand and a house-painting job arranged through him. Peterson denied a political inquiry into the affair. But, on April 5, the Supreme Court of Canada struck down the inquiry after it had already held 27 days of closed hearings, declaring that it amounted to a gross violation.

Since the inquiry failed, Metro Toronto police have charged Starr with 18 counts of criminal fraud. The provincial Commission on Election Finances has also had a total of 76 charges of violating the Election Finances Act against Starr, the charity has once before, campaign officials for senior Liberal and two Tory MPs, the Ontario Liberal party and two of its officials in the 1987 provincial election. Peterson was embarrassed at the outcome of his campaign when commission chairman Donald MacDonald claimed that he felt pressure from the Ontario Liberal party and by its charges against the party and by some of its officials. According to the accounts, MacDonald had complained to the Ontario Provincial Police that a Liberal member of the commission hadpainted information to discover Ontario Liberal party president Kathryn Robinson about pending charges as weeks before they were laid. Peterson later told reporters that the city had investigated the complaints and said that Robinson had no influence over the charges.

For her part, Starr has filed her own civil lawsuit against Peterson and his government—charging damages for negligence, defamation, malicious prosecution and loss of money. At the same time, some Liberal leaders say that Peterson is privately satisfied by the expediting impact of the investigation. Meanwhile, a police statement announcing the most recent charges against Starr earlier this month, noted that the investigation into the affair is continuing.

BRIAN BERNARD



Rae (right) in Toronto with candidate Yuri Finkelovsky speaker

provision, however, in Ontario residents seem to have noticed. Almost every day, Peterson has been swarmed by protesters who capture headlines and block the agenda. In one incident last week, the premier received a \$100-million Rural Ontario Fund to aid the development of alternative agricultural products. But the announcement was upstaged because 38 angry motorists who have been "banned out of their jobs as a labor dispute" crowded the campaign line and grabbed the headlines. Said a Liberal spokesman: "It is not hard to have a single issue that sticks in your vision. This time, there has not really been anything that has stuck."

Both opposition parties are attempting to fill the void. Day after day, in a purely negative campaign, the Conservatives have repeated their message that the Liberals take too much. They poll data indicate that 54 per cent of the respondents believed that the provincial



Starr: allegations of fraud



De Havilland Aircraft plant, Toronto: job losses in the industrial heartland

## SKIRTING A RECESSION

### SLOWDOWN WOES WORRY MANY VOTERS

On the election campaign trail, Ontario Premier David Peterson mostly seems to welcome confessions with mild constraints, anxious to give the impression that he is responsive to their complaints. But last week, on the advice of his public moor, Peterson ducked about 40 demonstrators waiting for him outside a Windsor hotel. Most of those were members of the Canadian Auto Workers union who had been laid off as a result of plant shutdowns. They were shouting "Liberals lie, Liberals lie!" For the first time in the campaign for the Sept. 6 provincial election, the police advised Peterson to avoid a confrontation that carried the risk of violence. But last the primary wanted another 12 months before calling the election—his previous campaign had two years to go—he almost certainly would have been forced to run

in the middle of a painful economic downturn, and the number of angry workers dogging his campaign likely would have been far greater. Economic downturns are particularly averse to the Windsor area, where 27 plant closures, including those of several auto and auto-parts manufacturers, have put 1,660 out of work since March, 1989. However, the outlook is improving across all of Ontario, where unemployment, now at 6.5 per cent, is up from an average of 5.8 per cent in 1989. Meanwhile, the Conference Board of Canada, an economic research agency, has predicted economic growth for the province this year of only 1.3 per cent after inflation, compared with the 1.8 per cent recorded last year. Provincial Treasurer Robert Stan, for his part, forecasts slightly stronger growth—about 3.5 per cent. But, in many places, that Peterson goes in his

quest for re-election, he is dogged by protesters who complain that their taxes are too high, their incomes and equity or their job prospects too low. In fact, there is little that Peterson can do to accommodate them. Ontario's economy, although likely to remain relatively strong compared with most other provinces, reflects a broader national slowdown.

**Bonus!** Indeed, the Conference Board expects Canada to post the worst economic performance of all G7 countries—the world's seven major industrial economies—in 1991. In its semi-annual report on Aug. 15, the board forecast national growth of just 1.7 per cent this year and a dismal 1.4 per cent in 1991. And the board's report, "The Bank of Canada's high interest-rate policy, coupled with strong domestic currency, has helped the Canadian economy and brought on recessionary conditions."

Other analysts also blame Bank of Canada governor John Crow for attempting to achieve what they regard as an unrealistic goal of zero inflation by maintaining high interest rates. Although the central bank's official rate fell last week to 13.07 per cent from 13.34 per cent, it has exceeded

13 points since mid-February and peaked above 14 points in May—its highest level since the recession of the early 1980s. In addition to discouraging businesses from investing in new plants and technology, such high rates have driven up the demand for the Canadian dollar among foreign investors, pushing the currency to a 10-year high of 75¢ U.S. each last week from less than 50¢ (U.S.) in February. That, in turn, makes Canadian exports more expensive—and less competitive—abroad. Said Thomas Courchesne, director of the school of policy studies at Queen's University in Kingston, Ont. "The overvalued dollar is hindering Canadian industry."

The effects have been felt particularly strongly in Canada's industrial heartland. Ontario has lost 60 major plants—each employing 50 or more people—and 15,137 jobs since the beginning of the year. Worst hit are the housing, auto and auto-parts industries.

Still, however, the province remains the southern Ontario, riding of Brad Robinson, says that Ontario will escape a recession as 1990 as consumers spend heavily to beat the across-the-board federal Goods and Services Tax that will take effect on Jan. 1, 1991. But many don't make any longer-term economic predictions, and opposition leaders claim that Peterson called on early rate to avoid the danger of a devastating economy. And finally, the number of protesters on the campaign trail mirrored to the view of some Ontarians, at least, that things will get worse before they get better in the province.

**BOLGER JENSEN with BARBARA WICKENS in Toronto**

## THE HAPPY WARRIOR

### A REJUVENATED RAE FIRES UP THE NDP

Ontario New Democratic Party leader Bob Rae was

On the trail last week, when the craggy wall of a small child accepted his speech about the tax load on working families. Rather than try to outdo the toddler, Rae stepped lightly to him, then of himself. "You see, lives small children are upon about this tax." Rae's audience of plant workers and farm families laughed, then settled back to hear more. Rae's power in that moment was in stark contrast to the nervous and insecure demeanor he had shown as leader of the official opposition in the Ontario legislature over much of the past few months. In fact, Rae, running at age 42 in his third election campaign as party leader, has emerged from a period of personal tragedy and self-doubt with vigor and a campaign organization that appears to match his renewed strength. "I realized I wanted to go through an election," said Rae. "I've got a job to do here."

Previously, Rae's character had been severely tested in the period before he ran to the campaign. Since his wife Arlene's parents died in a car crash in 1989, three other people close to him have also died unexpectedly. The most shocking of Rae's losses was the death of his 11-year-old son, a basketball player David, who lost a battle with cancer at age 32 after Rae could resist a painful brain aneurysm brought on in an attempt to save his brother's life. "It's not easy to let the public see it," says Rae. "I've said Maclean's, 'But I'm depressed by my brother's illness and death.'" By the voice of that loss, Rae decided after considerable soul-searching not to seek the leadership of the federal NDP. And Rae's performance during much of the winter session of the provincial legislature spread distrust. Rae, in just opening the NDP leader campaign, "I decided the best tribute to my brother was to pull up my socks."

In fact, Rae now says that the tragedy allowed him to put a lot of other things in perspective. "When you're in a campaign season, you just move."

That new perspective has made Rae an unlikely success in his party, which held 19 of the 130 seats in the previous legislature and in the



Rae with daughter Judith discussing tragic issues

1970s captured as many as 38 seats in another, 125-member assembly. Campaign director and key Rae adviser David Agnew, the son, predicted that the party will gain seats across the whole province, not just in traditional NDP urban strongholds. Said Agnew

"The political universe is changing." And as the race opened its subject last week, the NDP's campaign released a series of glossy black-and-white photographs of Rae's wife Arlene, who died of cancer in 1989, with the leader expressing his message as one man each day. Illustrating an attack on middle-class Liberal spending for education, Rae posed in a school yard dressed with portable classrooms. A dozing apartment building framed his criticism of provincial rent or new legislation. Said Rae: "Our strength is that we run on substance, issues and we put the Liberal in our seat."

**Happy!** For their part, Liberal strategists appear unconcerned by the NDP's attacks. Said Liberal campaign chairman Bill Davis: "Bob Rae is a man of economic uncertainty, people want a government which would attract business." And the new is clearly vulnerable to criticism that its platform of more generous social programs and stricter environmental controls could lead to higher taxes.

Rae attempts to deflect such criticism with both word and action, telling critics that, when it comes to taxes, the Liberals and Conservatives are "two wings of the same bird of prey." In June last week, Rae posted one more of his widow Arlene, and "Did you pay any income tax last year?" When the issue added gravity, Rae made a point about better education, and saved another by citing a real estate and construction company that has been linked to a controversy over political contributions. Said Rae: "Well, you know that Trillium Corporation then, and they made \$200 million last year."

Meanwhile, Rae himself is sporting an image that would be at home in any social scene. His new, well-cut double-breasted suit and suspenders have received almost as much attention from the media as the issues that he faces. Unfazed, and with his personal life evidently in an apogee, Rae seems relaxed and happy. "I like politics," he said to a reporter on the campaign trail. "I like public life." But Rae is clearly counting on the public to return that high regard on election day.

**NANCY WOOD in Toronto**

[illegible]

"Every driver has his own dream of luxury, and most don't dare dream this high. 'World's finest' is an elusive crown to capture, but the Lexus LS400 is definitely in the running."

*Car and Driver, September 1989*

"The LS400 is going to change all the rules in the upscale car marketplace."

*Vancouver Province, June 1, 1990*

"I've had the chance to compare the LS400 with the Mercedes 420SEL and BMW 750i on a track, and it's head and shoulders above both of these cars."

*Vancouver Province, June 1, 1990*

"Imagine a high-speed cloud with a leather interior."

*Car and Driver, September 1989*

"These guys have thought of everything."

*Road & Track, September 1989*

"The LS400 is a pioneering vehicle."

*Automobile Magazine, January 1989*

"The car's overall silence was astonishing."

*USA Today, June 28, 1989*

"This is quite possibly the smoothest, most refined drive-line that isn't on the drawing board."

*Motor Trend, August 1989*

"The Lexus V8 and its nearly vibration-free driveline simply set a new standard for combining horsepower with civility."

*Road & Track, September 1989*

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*Car and Driver, September 1989*

"There appears to be nothing that hasn't been done the very best way it could possibly be done."

*Winnipeg Free Press, June 17, 1990*

"The Lexus is absolutely fantastic, a miracle really, for a big car like this..."

*Cherrie Dixon, Conductor, Montreal Symphony Orchestra,  
as quoted in Vanity Fair, November 1989*

"The LS400 clearly asserts Lexus as a world power in luxury sedan design—a contender not a gatekeeper."

*Motor Trend, August 1989*

"Breakthrough."

*Motor Trend, August 1989*

"Service intervals will be infrequent, upkeep costs will be low and the overall quality will be unsurpassed."

*Automotive Industries, August 1989*

"I am an admitted admirer of the products of Mercedes and BMW, but I hope they are taking a very close look at Japanese models like this."

*Vancouver Sun, June 29, 1990*

"One word I bring away from my 6-day experience with the Lexus LS400: 'Harmony'."

*AutoWeek,  
June 26, 1989*

"When you are driving comfortably, quietly and apparently effortlessly, at speeds well above 100 mph on W. Germany's toll-less Autobahns, you realize what an engineering effort forces this big sedan is."

*Popular Science, September 1989*

"The LS400 is as good or better than cars that cost tens of thousands of dollars more."

*Business Spectator, August 1989*

"Here's a new player on the field, and a very good one."

*Road & Track, September 1989*

"...one of the best cars in the world!"

*Fortune, August 14, 1989*

"In conclusion I think that even Mr. Dinsdale and Mr. Berra would have to respect this car for its engineering excellence and consummate comfort. Consumers will be hard-pressed to find a car as capable as the 1990 Lexus LS400."

*Luxury Wagon, June 1990*

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# THE HOSTAGES IN THE GULF

**I**t is the word that American officials dared not speak. It has haunted the U.S. presidency from Jimmy Carter to Ronald Reagan, and as the current crisis with Iraq threatens to affect the crucial corridor of foreign forces in the Persian Gulf with escalating importance—or not off a full-fledged war. The word is hostages. And late last week, the regime of Iraqi dictator Saddam Hussein seemed to confirm the West's worst fears in a statement carried by the official Iraqi News Agency, Sakh Mubal Salih. Speaker of the Iraqi parliament, declared, "Out of us both in their sacred names, the people of Iraq have decided to play host to the citizens of those aggressive nations as long as Iraq remains threatened with aggression." Salih added that the foreigners would be housed in several large military and industrial installations to help deter attack—and be appointed to protect the West with its vast hostage crisis now.

The foreigners trapped in Iraq and Kuwait when Hussein's forces launched their lightning invasion on Aug. 2, include about 4,700 Britons, 3,300 Americans and 714 Canadians. An Iraqi spokesman said only that Baghdad would continue to pay millions "Egyptian pounds" in Iraq and Kuwait from the detention—despite the fact that Egyptian troops are among an Arab League force now in Saudi Arabia. And while thousands of foreigners have fled since the crisis began, straggling across the desert toward Jordan, relatively few Westerners have been escaping there. For those left behind, the immediate future looked bleak. In a televised statement on Saturday morning, an Iraqi spokesman said that Westerners, including American soldiers, would be victims of nap bomb shelling suffered by Iraqi children in-

## AS THE GULF CRISIS DEEPENED, IRAQ ANNOUNCED THAT IT IS HOLDING FOREIGNERS AS HOSTAGES

cause of the UN-sanctioned trade blockade. At the same White House in Ramatallah, Mr. presidential spokesman Martin Fritzsche—still avoiding the word hostages—said that President George Bush viewed the Iraqi move as "totally unacceptable." Using "inter-



cent civilian as pawns." Fritzsche added, "in contrast to international law and asked to all accepted norms of international conduct." Fritzsche said that the United States would consult with other governments whose citizens were being held in Iraq and Kuwait, and an emergency session of the UN Security Council seemed a likely possibility at week's end.

But what the Americans or anyone else could do about the new hostage crisis was a thorny dilemma. Even before the Iraqi announcement last week, U.S. and British warships began to blockade a blockade of Iraq and Kuwait-bound shipping. Washington committed 40,000 marines and a fourth air-land-sea group to the Gulf, and activated the Central Reserve Air Fleet—two commercial planes from 29 airlines—to ferry cargo and troops. U.S. officials also suggested that they would call up about 80,000 reservists.

Some U.S. analysts had warned that an American military attack increasingly appeared to be inevitable. Iraqi forces 290. But Pentagon officials conceded late last week that a mission to rescue the hostages would have virtually no chance of success. And as all-out Western assault on Iraq would almost certainly doom the foreigners—as well as thousands of civilians and military personnel.

Throughout the week, the



U.S. Galaxy landing in Saudi Arabia; Iraqi forces (below left) a warning that attacking troops would be met by weapons of "mass destruction"

military building was accompanied by exchanges of evocative rhetoric. Bush and Saddam Hussein called each other liars. Bush claimed that America's "way of life" was at stake, and Hussein declared that, if war broke out, thousands of Americans would return home "slaughtered in our coffins." Hussein, meanwhile, by suddenly making peace with his longtime enemy, Iraq, fired up thousands of Iraqi soldiers to join the 190,000 troops confronting the Americans and their allies across the Kuwait/Saudi Arabian border. And at week's end, al-Qadisiyah, the newspaper of Iraq's defense ministry, warned that any attacking troops would be met with weapons of "mass destruction and strategic deterrence"—a clear reference to Iraq's lethal chemical arsenal.

The potential for a new hostage crisis had been building throughout the week, as well. On Thursday, the Iraqi ordered all British and American officials in Kuwait to gather in specified hotels. British Foreign Office Minister William Waldegrave described the action as "grave and sinister." And as the British government's request, the UN Security Council held an urgent, closed-door session on Friday and expressed its "concern and anxiety" over the dangers to the trapped Westerners.

At the same time, the Iraqi cut off consular access to 35 U.S. citizens who had been kept under guard in Baghdad's deluxe Al-Wakeel Hotel. On Friday, Iraqi soldiers turned away a U.S. consular officer who had been making daily visits to the Americans. And, at week's end, some reports suggested—without confirmation—that the group had already been trans-

ported to military industrial sites. Other reports said that they had simply been moved to another hotel. Meanwhile, Iraq issued no specific orders to Canadian citizens, about 514 of whom were in Kuwait and 200 in Iraq. According to the official Iraqi department in Ottawa, 25 Canadians have escaped from Kuwait, 23 to Saudi Arabia and two to Jordan.

There was no diplomatic mention in night Jordan's King Hussein, who flew to see Bush at his vacation home in Knechtelkopf last Thursday, left without any apparent accomplishments. The king, generally friendly to the West, has close relations with Iraq and was reportedly carrying a peace proposal from Baghdad to Iraq, but he reportedly landed and Bush made him wait 36 hours for an audience. The atmosphere in the search and the President talked over lunch with, in King Hussein's words, "trust, open and honest"—the kind of language that usually indicates deep disagreement. And although Bush claimed later that the king had promised to enhance his own personal security, it seemed possible that Jordan will open its Red Sea port of Aqaba for host and other goods destined for Baghdad.

Hussein claimed that the full spectrum of Arabs, Jordan's only report, was vital to the country's economy, even though Bush apparently offered compensation. But the king has political as well as economic problems with the sanctions. Public opinion in Jordan, where about 60 per cent of the population is Palestinian, is overwhelmingly anti-Iraq, and it would be politically disastrous for Hussein to bar the presence of Iraq in Baghdad. The king, who has undergone to "respect" the sanctions, re-

### BLOODY SOWETO

In South Africa, black-on-black factional fighting spread from Natal province in the east to the Transvaal in the north's industrial heartland, killing 150 people in four days. The killing in the east South's township outside Johannesburg, joined Zulu migrant workers led by Chief Mangosuthu Buthe's against supporters of Nelson Mandela's African National Congress. And the arrest threatened to shatter Mandela's negotiations with South African President P. W. (Frederik) de Klerk aimed at ending the system of apartheid.

### STAYING ALIVE

Thousands of Liberian supporters (great) of rebel leader Prince Norman Johnson are holed up in areas of Monrovia, the capital—two days after rebel forces claimed that they had killed him. The two guerrilla factions, the second headed by Charles Taylor, are trying to oust President Samuel Doe in the eight-month-old civil war.

### SOLENNITY'S FORGIVEN

Soviet President Mikhail Gorbachev restored Soviet citizenship to 23 exiled artists, intellectuals and writers, including Nobel Prize-winning author Alexander Solzhenitsyn. In such news as The First Circle and Cancer Ward, Solzhenitsyn drew on his personal experiences in Soviet labor camps to write chilling accounts of summary justice and brutality. He was expelled to the West in 1974 and now lives in Gennoslovsk, Vt. There he is considered an independent writer who would return to the Soviet Union.

### COLLAPSING COALITION

East Germany's fragile government, all but collapsed after Prime Minister Lothar de Maizière, a Christian Democrat, lost two cabinet ministers of the Social Democrats, his coalition partners. The parties have quarreled over who is to blame for the East's economic slide since the two Germanies merged their economies on July 1. Elections for political unity are set for Dec. 2.

### FINDING THE MISSING

Just U.S.-Vietnamese peace searching for American soldiers killed during the Southeast Asian war have found 10 of 10 American remains the month since Hanoi and Washington began official cooperation in 1987 on American remains missing in action, 540 sets of remains have been repatriated, of which 100 have been positively identified. There are still 1,870 U.S. personnel officially listed as missing.



posed it be seeking UN authorization as to whether they accede food for civilians.

Meanwhile, Saddam Hussein's peace offer to Iran took most world leaders by surprise. In one stroke, the Iraqi dictator gave away the last of his eight-year war's gains, took one million lives on both sides. He unilaterally surrendered the almost 1,800 square miles of Iranian territory that he held, relinquished his claim to exclusive ownership of the strategic Strait of Hormuz and released 20,000 Iranian prisoners of war. The government of Iraqi President Ali Akbar Hashemi Rafsanjani accepted that development with undisputed delight, and the POWs and Iraqi occupation forces began returning home within two days.

In Baghdad, officials estimated that by forming the two-year-old alliance with Iran as a confidence game, they had released 400,000 troops for service on the southern front against the Americans and their Arab allies. That figure, analysts said, seemed to be inflated. They speculated, however, that in addition to a military dividend, Hussein might expect economic gains of Iran now breaches the veil of sanctions around Iraq. But Rafsanjani insisted that Iraq "must evacuate Kuwaiti territory." A source close to Iranian legislators said that it would be "economic suicide" for Iran to do this unilaterally. And as Friday papers in Tehran, a senior Iranian leader, Ayatollah Abolmoussa Musawi Ardebil, told worshippers, " Saddam's last bet is to leave Kuwait unconditionally before the world pumps on him. Then, all of us in the region can together tell America, 'Sit, please leave.' "

Although the UN Security Council vote on Aug. 6 made the economic sanctions compulsory, some Western politicians and international lawyers claimed last week that the United States and Britain had exceeded their mandate. Both countries used their veto to block the embargo with-out specific UN authorization, and UN Secretary General Javier Pérez de Cuellar called the unauthorized use of force contrary to the UN charter.

Privately, government officials in Canada, which is sending two destroyers and a supply ship to the Gulf, also expressed misgivings about what Bush described as the "unilateral" instead of "bilateral" which is legal here as in act of war of Iraq's invasion of Kuwait. But when spokesmen Mark Carleton announced that Canada was not formally breaking with Washington over the issue. And in diplomatic language, he added "There is a process in the United Nations which deals with sanctions, their implementation and measures to take if those are not working. This is the route that should be followed."

But Bush was clearly determined to continue stopping suspect ships in the Gulf and the fleet

Sea to determine their cargo and destinations. The Pentagon issued orders to its warships in the region to use maximum force, including shots across bows, to prevent ships carrying freight or oil to or from Iraq. And last Friday, the Pentagon reported that U.S. ships had challenged two Iraqi ships heading towards Iraq but had allowed them to proceed after establishing that their cargo holds were empty. Retired U.S. Admiral Eugene Carroll, deputy director of the Washington-based Center for Defense Information, said that by its intervention policy, Bush was propagating his international support. "Now we're starting to pull

backed on me, I'd get out of these fast lane."

The danger of the Iraqi resorting to chemical weapons if war breaks out remained a pressing concern. At a 48-state disarmament conference in Geneva, chief U.S. delegate Stephen Lebovicz said that the United States reserved the right "to respond in kind" if Iraq used mustard or nerve gas. And in Washington, Pentagon officials ordered contractors to craft completion of orders for chemical-laced gas cartridges and storage tanks carrying a nerve-gas antidote. Although not directly involved in the crisis, the Israelis, too, displayed growing fears about the possibility of chemical warfare. Chief

Rabbi Menachem Schneier ruled that Orthodox Jewish men, who are normally required to wear beards, could shave beards to cut down off of a bearded beard necessary to get on gas masks.

Meanwhile, many Gulf Arab states maintain that the American "coalition" must reduce the size of the Gulf. "If they occupy Saddam, they will not want to leave him in the dominant regional power," said one normally conservative Dubai resident, predicting the creation of an alliance of pro-Western Gulf nations under U.S. domination. And a local newspaper editor said that the Americans had already taken charge of Saudi security, foreign affairs and of policy. "All areas of government are being controlled by the United States," he said. "It's all finished now."

The Saudis, said Admiral Carroll, may well face this "having let the rest of the world, now the whole lot has been crawling in with them."

For the moment, Bush and his allies still seemed to have the majority of Western and Arab countries alike on their side. But there was plainly a danger that the unprecedented use of coercion could begin to unravel if the President went too far beyond UN-sanctioned action. There were also strong

concerns about how long the American people would tolerate the wear and chafing sanctions, train-borne they make Bush very politically as they once did Jimmy Carter. But the prospect of war breaking out overshadowed all other events in the increasingly dangerous Gulf.

JOHN BERMAN and BOB LEVIN with  
MARCY McDONALD in Amsterdam, ENGLAND  
MARGARET in Washington, KATHLEEN  
EVANS in Dallas, MAX KROENK in New York  
and LINDA DEER in Mexico



Pro-Iraqi demonstration in Jordan; a possible flash point

away from the consensus," said Carroll. "Now we're becoming the 800-lb. gorilla." Meanwhile, the United States and its Arab allies, as well as the opposing Iraqis, moved heavily armed forces closer to the tense confrontation line along the Kuwait-Saudi border. U.S. air force officers and that, in the short, American jets had several times "backed on" their radar-guided weapons systems as approaching Iraqi warplanes in case it became necessary to open fire. And last time, the Iraqi moved off. Said one American crew chief: "It'll be in a [Iraqi] Mirage and on F-15

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Bush at Kennebunkport: a feeling that 'if we've got all this, we better use it'

THE UNITED STATES

# Cocking the gun

Bush may be rallying Americans for a long haul

Beyond Ocean Avenue, the winding coastal road that snakes past President George Bush's summer compound on the outskirts of Kennebunkport, Me., the sea stretches placid and glassy. The sky, unmarred by clouds, was picture-perfect blue. But even in the peaceful New England resort town, 40 km west of Portland, that has become host to the summer White House, concern about the patching wounds of war in the Middle East invaded the unseen storm clouds.

An tension electrified in the Persian Gulf, and helicopters landed Jordan's King Hussein and Saudi Arabian Foreign Minister Prince Saud 50 km to and from Bush's home on the rocky promontory of Walker's Point, the backboard outside Barley's Dockside restaurant carried a bluntness message: "Mr. President, you give it your best. Your Kennebunk port friends support you. Do what you want." Inside, one employee insisted that the sign meant that Bush might be "blowing the Iraqis right out of the water," but owner Dorothy Barbery sharply corrected him as a worried time that

reflected mounting anxiety across the nation. "Oh, golly, it's scary," she said. "I think everybody's a little on the edge. We're all praying something can be done peacefully, but when you see all these boys going over, it reminds you of World War II."

As the Pentagon announced that it was dispatching 45,000 marines to the Gulf, an increasing American troop levels to 100,000 within a few weeks, some analysts said that, with the staggering escalation of firepower, Bush seemed to be setting the country on a one-way railroad course from which his administration no longer could—or wanted to—turn back. Said William Greider, senior Middle East analyst for Washington's Brookings Institution: "The beginning-to-end, day by day, very messy. The more troops we send out there, and the higher the costs are, the stronger the feeling seems to be: if we've got all this, we better use it." Added retired Admiral Eugene Carroll, deputy director of Washington's independent Crisis Information Laboratory: "There's the very grave danger that we're

creating a situation we can't get out of in order to justify the attack we might be planning."

That prospect may be complicated by the Iraqi announcement late last week that they plan to detain foreigners until the crisis is over. But, ironically, White House officials have been talking out of their defensive posture of protecting Saudi Arabia and its oilfields from attack, but of over-throwing Iraqi President Saddam Hussein, apparently by military force.

And as the troop buildup took on a momentum of its own, General announced that administration officials may be starting the clock in favor of a deliberately provoked military strike. "You built up the tension and the hate and the fear factors, and you're countering the American public that it may be necessary to go to war," he said. "We'll move and move people pushing for a quick solution. I fear Bush is working towards cooking the gun and firing it."

In fact, Bush chose the terrain of the Pentagon last week for his strategic verbal assault on the Iraqi dictator. The speech was carefully calculated to rally U.S. forces for what appeared to be shaping up as a protracted engagement, one that will have cost \$14 billion by the end of next month. But his rhetoric was also aimed at showing up U.S. public opinion as he contemplated the potentially controversial call-up of 60,000 reservists. In fact, those considerations led Qaddafi to speculate that some White House strategists may now prefer a quick military strike to testing out Saddam Hussein in the Gulf. But should those in American command, he warned, the polls would quickly rebound against Bush. Said Qaddafi: "If this goes on, inside after months, domestic support here will slide."

Across the United States, a majority of people continued to support Bush, a president whose defining experience was his service as a Second World War fighter pilot. And as the whir of military helicopters punctuated the Kennebunkport calm last week, local residents crowded the well-tended-fringed trail bordering Walker's Point to offer their moral support for Bush's increasingly controversial show of strength. "The Arabs have never paid attention to anybody unless you brought in a big gun," said Gordon Peterson, a 37-year-old disabled pesticide worker from nearby Portland. "Look at Jimmy Carter—nobody paid any attention to him when he threatened or cried."

In fact, many view supporting Gorbachev as a mistake during the 1989 anti-Soviet crisis had created Bush to grapple with his previously planned, 20-day vacation in the midst of the crisis. His aides confessed that they had not wanted him to resemble the former Democratic president, who had seemed a promoter of the White House during that time. But even as the troops' announcement about defining fac-

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capens, some analysts had predicted that Bush's calculated results could provide Saddam Hussein with turning the estimated 3,100 Americans still detained in Kuwait and Iraq into outright hostages—short 60 days the number that supplied Carter's presidency.

The first cracks in U.S. support revealed opposition to Bush's solitary action from its unexpected quarter: the Republican right. With the Soviet Union now apparently removed from the Middle East equation, conservative Washington Times columnist Miers Chertin pointed out that "the right is undergoing a fundamental re-evaluation of America's mission." Those assessments could help reshape part of the electoral map at November's congressional elections. So, too, could the prospect of gun-for-pump lemons and rising home-heating bills if the Gulf conflict plunges the nation into another energy crisis as winter temperatures drop.

But last week, as prices continued to rise, many of those in the oil industry in Texas, Bush's adoptive home state and strongest constituency, found it difficult to mask their elation over a situation that had transformed their previously bleak economic prospects. They welcomed long closed smaller wells. And so University of North Texas researchers estimated that increased crude prices would create 66,000 new jobs over the next year, one cartoonist depicted as oil company boardrooming Saddam Hussein as the state's "new Valuable Design."

Some critics also seized on the Gulf crisis as an opportunity to look heightened neo-conservative assessments off the national agenda. In California, the Chevron Corp. launched a public relations drive to reactivate its offshore wells, prevented from opening two years ago because of concerns about environmental damage. And according to U.S. interior department officials, Bush hopes to push for oil drilling in Alaska's environmentally sensitive Arctic National Wildlife Refuge as a move that Canada has consistently opposed. Said Michael Casey, chief economist of the American Petroleum Institute in



Leading equipment at Fort Stewart as Georgia drags the economy.

Washington. "Prior to this happening, the neo-conservative lobby was denouncing every move for the past year. Now, people appreciate that there are costs to forgoing exploration."

Still, the greatest test of Bush's military buildup will be its drain on the already overdrawn U.S. economy. Last week, he used a White House budget meeting to launch a stinging attack on the Democrats in Congress,

portending that it could leave only one dream at a time to the Middle East. Most U.S. troops faced themselves flying to a potential war by chartered commercial airliner. Said Gary Hart, a former candidate for the Democratic presidential nomination: "By putting so many of our military guys on the strategic nuclear budget in the 1960s, we are now virtually suicide-bound in dealing with regional conflicts."

paring the way for freeing his requested \$150-billion defense budget from a projected \$21 billion in cuts by the Senate. And some Pentagon planners have confided their vivid gratitude to Saddam Hussein for saving them from potential congressional cutbacks. Said one, who insisted on remaining anonymous: "You've got to give the devil his due. This sure does demonstrate why we need the military capability."

But, in fact, many analysts point out that Operation Desert Storm has most vividly exposed the lethality of Ronald Reagan's trillion-dollar military buildup over the past decade. After having been so long obsessed by the prospect of fighting the Soviet Union in Europe, the Pentagon has suddenly found itself ill equipped to fight in or even troops in the Third World desert front. Indeed, when hostilities first threatened two weeks ago, there was not a single U.S. minesweeper in the Persian Gulf, and the air force was so short of bombs

Defense Secretary Richard Cheney visits troops on a mission course.



But last week, among the most haunting scenes that resounded even in the desolate display of military muscle already assembling in the Persian Gulf. In an interview with *Newsweek's* last month, the President confided that at the outbreak of the Second World War, before the United States had entered the hostilities, he had briefly considered signing up with the Royal Canadian Air Force in order to join the fighting more quickly. But now, nearly 50 years later, those watching around an increasingly uneasy world can only hope that the youthful consens that maintained him at that time will color his wisdom as commander-in-chief.

MARCI McDONALD  
in Washington

## THE PERSIAN GULF

# The map-makers' legacy

*Arabs blame the crisis on colonial powers*

**T**he border that Iraqi President Saddam Hussein's troops crossed on Aug. 2 to crush neighboring Kuwait has existed for less than 70 years. In 1932, Sir Percy Zachariah Cox, Britain's high commissioner in Baghdad, persuaded the rulers of Iraq, Kuwait and what is now Saudi Arabia to meet at the tiny port of Uqair to define their collective boundaries within what was then a British

thing more than a transparent veil of unity. In fact, unity has not existed since the height of the Arab Empire of the seventh to the 13th centuries, when the new converts to Islam—a what is now Saudi Arabia—spread their religion throughout a vast area stretching from Spain to the borders of Tibet. That empire crumbled at the face of successive assaults by the Christian Crusaders, the Mongols and the

air took Palestine, Jordan and Iraq to add to its holdings in Egypt, Sudan and Oman.

The colonial powers established borders that met their own objectives, leaving them only loosely on the old Ottoman provinces. In 1912, Britain issued the Balfour Declaration, endorsing the dream of a Jewish national home for the Jewish people in Palestine. Then, in 1920, the French decreed the formation of Greater Lebanon out of what had been western Syria. And in 1921, the British created Jordan to reward Hussein's son, Abdullah, grandfather of Jordan's present-day King Hussein, for his participation in the war.

Those divisions left many territorial disputes unresolved. Leaders in Damascus still discuss plans for a Greater Syria that would include parts of Lebanon, Israel and Jordan. Meanwhile, both Oman and Saudi Arabia claim parts of the United Arab Emirates. And as recently as 1961, when Kuwait became independent,



Hussein praying with his army officers, portraying himself as a new Pan-Arab leader by evoking images of past glories.

middle. There, the Arab leaders dropped their territorial claims. After five days of inconclusive negotiations, the great Cox, sporting a black jacket, pinstriped pants and a spirited new tie, expressed exasperation and threatened to settle the matter himself. A short time later, he did. With a red pencil on the map, he defined the region's borders—the lines that are now at the center of the Gulf crisis.

In recent decades, Arab nations have won their independence, but they have been unable to free themselves from the colonial map-makers' legacy. Arabs, and Hussein Elshar, a director of the Calgary-based Canadian Institute of Middle Eastern Research, "believe that most of the problems in modern Middle East politics are due to the unnatural carving-up of the area." Resentment over these borders also played a part and, although the 185 million people known as Arabs share a common language and most are Muslims, they belong to various nations and speak many different languages. Even the 21-member Arab League, established in 1945, has failed to impose any

Ottoman. But many Arabs still evoke that era. Said Elshar: "They do remember that they were once an important nation."

By the 16th century, the Ottoman Empire had consolidated its rule over the Arab world. Iraq claims over Kuwait grew out of that Ottoman period, when the now-ruined country was part of a province of the empire with its headquarters in Iraq. By the mid-1700s, however, the Kuwaitis had negotiated semi-independent status for their territory.

Meanwhile, Britain and France began colonizing North Africa and parts of the Middle East. During the First World War, Hussein bin Ali, ruler of Mecca, which controlled what is now western Saudi Arabia, offered to aid the British in the war against Turkey. In exchange, British officials undertook to guarantee Arab independence when the fighting was over. What Hussein did not know was that France, Britain and Russia had secretly forged the Sykes-Picot Agreement to carve up the Arab world. When the war ended, France, which already held much of North Africa, seized Syria, while Brit-

ain threatened to send troops to occupy the area. British and, later, Arab League forces arrived to protect Kuwait, securing its independence for another three decades.

The discovery of oil in the area in 1923 increased territorial tensions. Arabs fortunate enough to own land containing oil reserves swiftly became immensely wealthy. The poor or Arab have criticized the oil-rich states for not distributing wealth more equitably, a claim that Saddam Hussein has exploited in his efforts to win support for his invasion.

Within Iraq, Hussein has tried to portray himself as a new Pan-Arab leader by evoking images of past glories. Mosaic posters show King Nebuchadnezzar, who ruled Babylon in the sixth century B.C., helping Hussein rebuild Babylon. Hussein has even begun to rebuild the ancient imperial city. But by sending troops storming into Kuwait, he has tried to trumpet the colonial map—only to divide the Arab world even further.

MARY MERMEL

## A king with no clothes is still a king.



*Crown Royal*

# SLOWDOWN IN LUXURY LAND

**J**udy Cowan, 35, is a successful Toronto executive who says that, in a short time ago, she could easily have been called a power shopper. As co-owner of a thriving Toronto-based public relations firm, Strategic Objectives Inc., she researched herself with some of life's expensive luxuries, ranging from designer clothes to a \$35,000 yacht. But Cowan now says that, because of the rapidly changing economy, she has changed her shopping habits, even to the point of recycling last year's costly fashions. She adds, "It's true I've spent a lot of money as an executive, but I bought these years ago. Now, I'm more likely to spend money on leisure for the house."

She's not alone. Thousands of upper-income Canadians who enjoyed the high life and conspicuous consumption of the 1980s are tightening

## AFFLUENT CONSUMERS ARE TIGHTENING THEIR BELTS AS THEY DEAL WITH A SLOWING ECONOMY

ing their belts as they enter the 1990s. In the process, they have plunged the high end of the retail sector appears likely to follow, except for the elite millionaire class—the richest of the rich.



Retailers selling such high-ticket items as \$100,000-and-up luxury cars and homes in the million-dollar range say that sales this year have collapsed. Statistics Canada reports first retail sales of all kinds fell three per cent—before accounting for retail price inflation of about four per cent—over the first five months of 1990. And while there are no specific statistics on the sale of luxury items, the anecdotal evidence that recession is reaching even the spoke end of the wheel is overwhelming. James Hedrich, for one, vice-president and general manager of Birchmount Limited, a Toronto retail company that specializes in the largest collection of exclusive merchandise under one roof in Canada, says that times are not tough for many retailers, that they were even during the 1980-1982 recession. He added, "I cannot recall another time when the high end was hit first. It's usually the middle that feels it first."

But middle-class consumers will probably follow the more affluent consumers to the sidelines. According to analyst Anthony Stokes, a retail marketing expert with Toronto-based Anthony Russell and Associates, independent cars, the overall retail sector has weakened over the past three months and appears set to fall even further in May alone. Statistics Canada, which put the value of the index at \$17.47 billion for the month, reported that the sector had grown by just 0.1 per cent. When inflation is factored into the equation, retailers suffered an actual three-per-cent drop in business. And according to Alexander McKelch, president of the Retail Council of Canada, total retail sales figures for June, which will be released later this month, will be put as bad.

Indeed, retail sales in department stores have fallen dramatically. According to Statistics Canada, department-store sales figures totalled \$3.17 billion in June, up only two per cent from the same month the year before. But even retail price inflation is failing to account, the log stores experienced a real decline in earnings. It was the third dismal month as a new for department stores, which had sales increases of only 1.9 per cent in April and a decline of 1.4 per cent in May, even before adjusting for inflation.

One of the most glittering symbols of financial success, the luxury automobile, at the \$40,000 to \$200,000 range, is no longer in strong demand by the upping and near rich



Common theme: Hedrich: 'Volunteer people are ordering chickens, chicken people are ordering sandwiches'

And according to Statistics Canada, the annual sales of imported luxury cars fell to 73,246 units in 1989, compared with 87,742 units for the same period a year earlier. And sales for the first six months of this year mirrored the declining trend.

But in Toronto, Fred Bertrand, chief executive officer of the central Jagan & Robt-Royce dealership on Bay Street, says that there is a muted interest in buying imported luxury cars—as an exception, that he and people often ask when they are afraid they can afford to buy one. Bertrand added that sales of the British-made Jaguars, which sold for \$60,000 to \$80,000, are down, although he declined to give exact figures.

During the 1980s, retailers of luxury powerboats and yachts worth more than \$100,000 also enjoyed an unprecedented boom. But like the mid-range luxury car market, that sector is also in trouble. Paul MacPhee, of MacPhee Yachts in Beller, says that although he has sold more boats in total than during the same period last year, the average selling price of

powerboats and sailboats has fallen. Added Robert Hamilton, president of Saint John, N.B.-based Maritime Ship and Yacht Brokerage Ltd., "This is the worst year in 10 years."

At the same time, expensive houses are no longer the sure investment that they once were. In the elite Mount Royal district on the edge of downtown Calgary, there are 43 large houses for sale. "They want to get out," says real estate agent Sigrid Rade, of the city's Real Realty Ltd. "But they are putting unrealistic prices on their houses. High interest rates are not helping. Many of them do not like what they see ahead in the economy." A number of these selling believe that housing prices are going to fall. And others are looking to move into less costly condominiums, real estate experts say.

In Toronto, the most recent auction from the Toronto Real Estate Board shows that seven houses in the \$5 million to \$15-million range sold in July, compared with 16 in the same month the year before and 19 in July, 1988. In the \$15-million-plus range, two Toronto houses sold last month, compared with five in July, 1989.

The slumping housing market is also causing a decline in the big-ticket furniture and appliance industry.

In the first four months of this year, shipments of household furniture fell to \$583 million—a drop of 14.6 per cent compared with the same period in 1989. The dollar value of major appliance shipments has already fallen by 11.7 per cent to \$336 million in the first three months of this year, compared with that period in 1989, and the Canadian Appliance Manufacturers Association expects the decline to continue through 1990. Indeed, sales of microwave ovens alone are down 30 per cent, said Chuck Miller, a vice-president of Montgomery, Del.-based Canco Inc., which makes General Electric and Westport appliances among others.

The deepest gaps, however, of a slowdown among mid-range-income households is in the retail sector, especially retail clothing. Hedrich said that Humber's retail store in Toronto is low on hand, but so far it has lost only 95 of a possible 123 store locations. Store owner Arthur Pellicone, who carries the men's and women's line of exclusive Milano designer Nicola Trussardi, says that business is bad be-

## Business Notes

### FINALLY, RATES FALL

The prime lending rate took its first significant drop in 14 months last week. The rate slipped by almost a quarter of a point to 13.87 per cent from 13.94 per cent. It was the single biggest decline since January, and the major Canadian banks quickly followed the Bank of Canada's lead. Analysts said that concerns about a possible recession led the central bank to begin easing its tight-money policy. Meanwhile, Statistics Canada reported that the inflation rate fell to 4.2 per cent in July, from 4.3 per cent in June, the lowest since December, 1985. It was the fifth consecutive decline in the rate.

### HOUSE SALES SAID

Housing sales across Canada fell in July for the seventh straight month. According to the Canadian Real Estate Association, 12,311 houses were sold in 25 cities across the country in July—a 18.1-per-cent decrease from the same month last year. Average house prices also fell to \$151,601, compared with \$153,511 in July, 1989.

### TRAVELLING SOUTH

Canadians are travelling to the United States in ever-increasing numbers—and spending more while they are there. Statistics Canada said that during the first six months of 1990, Canadians made 24 million one-way trips to the United States, an 18.2-per-cent increase compared with the same time last year. According to a StatCan survey, many respondents said that they want to buy gas or food.

### TRUMP DEVALUED

Floundering and controversial U.S. real estate tycoon Donald Trump is not nearly as rich as he has claimed. Figures released during a hearing by the New Jersey State Control Commission on the 3-month restructuring of his casino operations revealed that Trump's hotel, real estate and gambling assets are worth \$291 billion, not \$4.62 billion as he had said. The numbers explain why Trump's lenders have been willing to underwrite his growing \$340-million debt—a gap he would have to close through millions of dollars.

### SILCOE ASKS FOR TALKS

Steve Silco, the parent Hamilton-based steel manufacturer, asked the Ontario Ministry of Labour to set up talks to mediate a strike by 13,000 nonmembers. The strikers, members of the United Steelworkers of America, walked off the job Aug. 1 to support their wage demands.

cause even wealthy shoppers have decided to get more wear out of their existing clothing. "For them," he adds, "it's a challenge to see if they can afford last year's clothes with a new look in jewelry."

Analyst Sokol said that many of the apparel retail problems are the result of too many stores closing the business of the top one per cent of the population. He added, "The rich will still go to fine-dining stores, but after shops are no longer able to attract the real price shoppers who remain the backbone of the market."

As well, Brian King, owner of the Toronto-based catering firm Catering is a Café Inc., said that some well-off clients now consider it inappropriate to entertain lavishly when it could be going through tougher times. "There are no longer as many extravagant parties," he said. "The lifestyle people are making choices, the chicken people are cooking sandwiches, and the snailwh people are not ordering anything at all."

Richard Hayner, owner of the exclusive Toronto hotel Bonaventure Ltd., where a single meal at the new Dutch-Caribbean lobby costs in \$30, also says that his weekly five-opening clients have grown very conservative. In fact, some clients have asked him to prepare flower arrangements that look as though the host and hostess had disagreed their own display. "It's becoming derisive to be shown," said Hayner. "One woman recently told me, 'Don't make it look like you were here.'"

Still, the country's that crust of elite millionaires continues to spend heavily. "There is no sign that these wealthy people are spending less," says Michael Rothblatt, owner of Vancouver-based cruise ship Cruises, which operates cruise boats that cost up to \$108,000 per person. In Toronto, Catherine Hill, owner of the well-established upscale fashion boutique Chaz Catherine, which carries some exclusive fashion lines that are not available elsewhere in Canada, said that she has seen no sign of a recession among her customers, who often spend up to \$10,000 in a shopping spree. Indeed, her rich clients often fly in from Vancouver and the United States to purchase such exclusive European designers as Valentino, Versace, Gucciorini, Fendi and Karl Lagerfeld. "The average customer is well on a budget," says Hill. "If they have four parties, they will buy four dresses."

Berlitz says that sales of Koko-Royals, which cost \$118,000 to \$196,000, have remained relatively consistent, while the sale of some private jets, such as, Swedish-made Saab, which cost \$20,000 to \$52,000, have fallen off drastically. In fact, Berlitz said as much as half of the flamboyant spending habits of Canada's millionaires that he said that, in several cities, his dealership will accept three of the only 350 Aérospatiale jets that will be sold in Europe this year. The market for jets is expected to be about \$284,000 each. Clearly, while end-of-the-year consumers may be slow to follow suit, affluent Canadians out of the retail market, Canada's elite will continue to spend.

BARBARA WICKERS with JONNY POTROSE in Calgary and GLEN ALLEN in Alberta



Worker in East Germany's Trabant factory: ending the 15-year wait for cars

## A costly marriage

### Euphoria over a unified Germany is waning

They already share the same currency, language and cultural heritage. Three developmental aid helped persuade many Germans that full political union between East and West Germany would also lead to a smooth integration of their economies. But as the planned July 1 date for formal unification draws closer, concerns of both Germans are growing increasingly skeptical. Since July 1, when the West German Deutsch mark became the currency of the East, and when West Germany's free-market economy became the norm for both countries, the unemployment in East Germany has doubled to 270,000—about 2.5 per cent of the workforce. Power line executives such as East—previously taken to socialism under communism—there were in the new free market, prompting some East Germans to accuse West German suppliers of price gouging. As well, many disillusioned East Germans like Rüdiger Lindner, a waitress in East Berlin, cancelled plans to travel in Western Europe this summer because rising prices at home had drained their savings. An angry Lindner said that West German Chancellor Helmut Kohl painted a false picture of a prosperous future under unification, merely to gain support in East German elections last March, which Kohl's party, the Christian Democrats,

won, said Lindner. "He's not getting my vote now."

But there have been reasons to West Germans, as well. In fact, to prop up the East's ailing economy, the West German government has already poured in about \$1.4 billion (D-mark) north of aid into East Germany. The money has gone to pay for everything from securing the border to propping up state companies. Rather that month, East German officials warned that their economy, battered by competition from more efficient West German companies, was on the verge of complete collapse. Simply to keep the lights on, the East German government accused its utilities for electricity by \$443 million, and the money to pay for it will have to come from the West.

And since the apparent on-economy union was reached on July 1, under which West Germany agreed to help modernize the East German economy, the East German government has demanded extraordinary amounts of financial help. Indeed, some analysts have put the total cost of unification over the next three years at \$68.2 billion, about a quarter of which is expected to be applied by foreign investors. Arranging financing on such a massive scale could have an indirect impact on Canada. If a worldwide

credit crunch develops as funds pour into Germany, Canada will be forced to raise its own interest rates to attract investors to government bonds.

Kohl has acknowledged that he may have to break a long-standing promise and raise taxes to pay for some of the costs of the union. That prospect is dampening the enthusiasm of many West Germans, who are only now beginning to count the cost of living, their nation's currency. The increasingly bottom-line get of financial need in East Germany is beginning to alienate West German taxpayers, who will probably be forced to pay at least a part of the cost of reuniting East Germany's level and antiquated industrial sector. East Germany has also demanded huge funds for wage increases, to double its workers from rising to the West, where they would likely go on the unemployment rolls, as well as subsidies to support and sustain the growing numbers of their own unemployed.

For the average East German, monetary unification has not been a matter of euphoria and disappointment. Ultimately, most economists expect that the union will produce an economic boom, making the unified German economy Europe's strongest. The unified German economy, with a gross domestic product of \$1.5 trillion, between 45 per cent higher than France's and nearly 70 per cent larger than Britain's. As well, by taking advantage of

East Germany's economic weaknesses to offer incentives to other heavily Communist countries, the union is expected to dominate trade and become a socio-economic region.

But East Germany clearly has a long way to go before it will be an equal footing with West Germany. In fact, East German officials, East Germany had said for about 15 years to receive delivery of a Trabant, the notoriously unreliable glass-and-steel car that frequently lasted for barely 10,000 km.

Only seven per cent of East German households have telephones, and its telecommunications system is one of Europe's worst.

Now, a flood of West German goods and investment is creating a cornucopia of free-market. For one, Volkswagen AG has committed \$255 million to upgrading over the next two years the Trabant plant where it will



East Germans shopping in West Berlin; Kohl (below): a cornucopia of free-market goods

produce its compact Polo model. And the West German state-owned telephone system announced last month that it will spend more than \$28 billion over the next 10 years to modernize East Germany's phone system.

Still, the army of Western-supplied goods in East Germany stores, from Braun kitchen appliances to color televisions to Siemens washing machines, remains largely unused because of moving unemployment. Long accustomed to state-guaranteed jobs, many consumers are increasingly fearful that they will become one of the three million East Germans that some analysts expect to be unemployed by the end of 1991. Already, 666,000 of the state's 8.8 million workers are working only part time because of the plummeting demand for East German goods.

While West German companies are clearly optimistic about having found a competitive new market, the outlook for many East German businesses grows darker by the day. Unable to meet goods to sell their goods, an estimated 40 per cent of East German businesses will have closed by year's end. Still, Rüdiger Gölke, the West German official supervising the progress of East German businesses under unification, "For the last six months, the economy in the eastern half of Germany will really be dragged through the mud."

As a result, the verbal optimism that greeted the conversion of East German economy to a

market that July has abated. Indeed, economists now warn that East German demands of unbridled prosperity could take years to fulfill. Still, Helmut Kohl, executive vice-president of the national at the Canadian Imperial Bank of Commerce in Toronto. "The East Germans thought that they would have a honeymoon and a honeymoon. They didn't realize that it took many years for other Western countries to afford these things."

Meanwhile, officials have become increasingly uneasy about the growing demand on West Germany's resources. Already, the huge demand for capital to keep the East afloat has sent interest rates to an unheard level. Between 10-year West German government bonds jumped to 8.75 per cent in June from 7.25 per cent in January, and, since last year, the bank rate has risen 150 points to 8 per cent. As a result of higher rates and a workforce swollen by West Germany is also rising, climbing to 9 per cent from 7.5 two years ago.

The same demand for resources that is pushing German rates higher could also pull some foreign investment out of Canada, according to Kluge, attractively high German interest rates and new investment opportunities opening in East Germany may persuade some German investors to transfer their capital out of Canadian financial markets to take advantage of Germany. Clearly, building a great economic power in the heart of Europe will be expensive for West Germany's taxpayers and will cost shock waves through world financial markets.

PATRICIA CHISHOLM with JONNY HOLLAND in Berlin



## Victor Rice gives capitalism a bad name

BY PETER C. NEWMAN

When a partially disgraced shareholder at the recent annual meeting of Varsity Corp., the public-traded member of Canada's once great Mosley-Parsons Ltd., asked chairman Victor Rice whether he felt any remorse to long his company in this country, the answer was blunt and predictable: "Not at all," replied Rice, whose decade as head of the well-known agrochemicals company under his set new standards in corporate irresponsibility.

The company, whose roots go back to 1947, when Daniel Mosley started supplying the farmers of Durham County in central Ontario with top-dressing fertilizers, is about to depart for a brand-new domicile in the United States. Its headquarters are at the pleasure of being transferred, probably to a \$17.5 million mansion on Buffalo's Delaware Avenue. The move clearly violates Varsity's agreements with the federal and Ontario governments, which provided \$200 million of taxpayer money for the company in the 1970s under the understanding it would remain in the country, creating new jobs and opportunities. To the charge that he is going back on his word, Rice has an equally facile answer—"We'll just renege on the contract."

Varsity's sower presumption goes beyond the arrogance of its 49-year-old chairman. Although we are constantly reminded that Canada is a democratic society, we also live under a fairly aggressive brand of capitalism, and the ethic of that system demands the private sector follow the laws of the marketplace. This implies that Mosley-Parsons' return should have been made in its own or been allowed to go into receivership. Instead, the two governments—coast Canadian taxpayers—saved the company. Now that Varsity is safely in the black, Rice is thumbing his nose at his beneficiaries and jumping ship. With corporate leaders like the Varsity chairman, Canadian politicians may prefer to deal with Mohawks. At least they shoot from the front.

One reason governments were so ready to

*With friends like the Varsity chairman, politicians may prefer the Mohawk Warriors. At least they shoot from the front*

help Mosley in its proud history. During the opening of the Canadian West, a Mosley ranching band would lead parades of newly delivered tractors and harvesters into the new little towns, their purchases insured to a true extent and lower. The company became the world's largest farm-tractor importer and the country's showcase multinational.

Eventually controlled by Argus Corp., the Toronto-based investment giant, the company became a social climber's paradise, with Mosley chairman John A. McLaughlin opening a permanent suite at London's luxurious Claridge's Hotel, an appropriate job-horse for his suits on British class tracks. The company also maintained two London-based Rolls-Royces. One of the limousines, donated as royal coach, was so grand it was borrowed by the Queen for ceremonial occasions. On the side of the Atlantic, Al Thornthwaite, who was president for more than 20 years and at the time ranked as Canada's highest-paid executive, commuted to his Toronto office three days a week in a company jet from his beach house in Boca Raton, Fla.

Such double-crossings eventually caught up with Mosley's balance sheet. Between 1979 and 1976, the company made more than four-

percent profit on its sales only five times, and even in its best year (1976) \$93 million of the \$119-million net was accounted for by currency gains. When Canada Black captured Argus in 1976, he moved it as senior of Mosley for 20 months and closed house. "There are few genuinely great companies in Canada. Mosley is one of them. As such, it is worthy of protection effect," he grandly declared. "Only a 20-per-cent price rate or complete collapse of the North American agricultural market could sink Mosley now." That, of course, was precisely what happened, and soon afterwards Mosley was in default on most of its bank covenants. It should have gone bankrupt, but as Black gestured out at the time, "Some things defy all laws of economics and nature—like tsunamis."

Black departed, donated his Argus Mosley shares to the Mosley pension fund and installed Victor Rice as his successor. An impatient man who makes glib, ribald-like gestures with his hands and nose when he speaks, Rice closed seven plants (laying off 12,000 workers) and fired 15 non-graduates. By the fall of 1984, the company's credit was so eventful that its bank obligations amounted to the world's largest insured loss. After relentlessly hounding Ottawa and Queen's Park, Rice persuaded the two governments to provide him with \$230 million, which by his own admission saved the company. But the cash infusion was recognized in 1986 had some straggled creditors, among them (but Mosley's headquarters would have to make it Canada) and that it would have to maintain or create at least 1,500 jobs here through to May, 1988, or pay back \$30,000 for each work place not maintained. On that basis, it is already liable for fines of \$15.2 million because of the extent to which it had fallen short of that target by the end of 1988.

By 1988, Rice had led off about 50,000 workers. The company's last Canadian office, located in Brampton, Ont., was shed leaving 3,000 retired workers and their spouses without adequate pensions and medical benefits. Varsity's only operating Canadian subsidiary at the moment is Kellogg-Raymond Canada Ltd., a small independent special manufacturer it acquired last year. The only reason Rice has given for Varsity's intended move to the United States is that he hopes it will help increase the value of its stock.

That may not be unexpected to the fact that along with other Varsity executives, Rice recently used a \$1.5 billion universal loan to acquire more than 2.3 million company shares. That's on top of his \$1-million salary, pension, and \$250,000 annual poison and special "golden parachute" arrangements. A Rolfe move will also be handy, geographically, because Varsity's new massive headquarters association, constructed in a 100-acre site in the heart of the old, of course, Rice. Rice's magnificent heritage home at Niagara-on-the-Lake, Ont. Such generosity will be taken for granted by the Varsity chairman. Not everybody gets to lay off 50,000 workers and to receive a \$1.5 billion loan from taxpayers.

If that's capitalism on the loose, let's go back to the jungle.



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## MEMORIES OF A MARATHON

Ten years after cancer victim Terry Fox embarked on his Marathon of Hope, his parents, Barry and Rally Fox, are marking the anniversary with their own marathon. The Foxes are retracing their son's run, which raised \$26 million for cancer research. Barry Fox said that they wanted to meet some of the people who welcomed the one-legged runner into their communities during his trek. The team, the added, has evoked bittersweet memories of Terry, who died in 1981 at age 23. Said Fox: "When we drive these highways, Terry is with us every mile."

## A role reversal

A star's onscreen appearance on the side of evil, Canadian actor Michael Ironside is getting a chance to switch sides. The Toronto native has built a career of film career playing such cold-blooded villains as the faucial malignance agent who kills Arnold Schwarzenegger in the dramatic thriller *Total Recall*. But in *Chameleon*, which finished six weeks of shooting in Vancouver recently, Ironside plays a sensitive criminal whose life changes because of a rehabilitation program that requires him to look after a disabled man. Said Ironside, 44, who co-wrote the script and who also served as executive producer: "At the end of the film, I said the good, where I actually care about somebody else."



*Ironside: an escape from evil*

The actor, who now lives in Los Angeles, said that he relishes the opportunity to play a new kind of part. "In *Chameleon*, added that he understands the sinister appeal of his bad-guy roles. "I play these characters that touch the primal side of people," he said.

## BRUSH CUTS AND BRUSH-OFFS

Irish pop star Enid O'Connor has earned a reputation for being early with the media. The 23-year-old singer grants few interviews—and when she does, she usually refuses to answer personal questions. But O'Connor, whose album *I Do Not Want What I Haven't Got* has sold more than an million copies, grudgingly broke the media of a Toronto news conference last week. And this time, she sang, whose shaved head gave her a naive and hungry look, was over reporters by saying that she is actually quite shy. "People just think that women without hair must be aggressive," she said. O'Connor then amazed her audience by saying that she once ran into trouble with a gang of skinheads. "They thought I was one of them," she said. The doe-eyed performer also said she worries about how the demands of touring will affect her relationship with three-year-old Jake, her son by a former member of her band. O'Connor then bade her interviewers goodbye, adding a very "Sorry for being so grumpy."



*O'Connor: taking an aggressive stance*



*Cole: jazz with tongue in cheek*

## CARRYING A TORCH

When Toronto singer Melody Cole's record company released her debut album, *Girl Talk*, it included a warning: "This is not just a jazz record." Although Cole, 36, performs in the sultry style of a 1920s torch singer, the Halifax native says that she likes to toy with her material onstage. "I'll play up the sexual innuendo in a song or sing something completely tongue-in-cheek," Cole said. But she has a serious side, too. When her live performance in concert, Cole said that she demands an attentive audience, adding: "It's a very intimate thing that we do."

## A novel return to the newsroom

The heroine of Barbara Taylor Bradford's next book will have something in common with her creator. Bradford, 55, a former Fleet Street journalist, said that her seventh novel will focus on a women television reporter. But now, she is watching her sixth and latest novel, *The Women in His Life*, top best-seller lists. Still, Bradford says that she misses aspects of her newspaper days. Said Bradford: "I guess my nose for news is still there."



We make ours  
with rye grain.  
That's why we call it rye.

Should they call theirs 'corn'?



Nova Scotia shores: health inspectors have closed half a dozen beaches

## ENVIRONMENT

# Summer's dark side

*Bacteria are spoiling more beaches*

Over the past decade, closing polluted beaches has become an increasingly common practice across Canada. This summer, municipal health inspectors in five provinces—British Columbia, Alberta, Ontario, Quebec and Nova Scotia—have declared several dozen beaches unsafe for swimming. In each case, inspectors found excessive levels of a micro-organism called fecal coliform, a bacterium that originates in human and other animal waste and that enters rivers and lakes when sewers and septic tanks overflow during rainstorms. When people ingest or absorb the bacterium, it causes nausea, diarrhea, stomach cramps and even cholera. Even when health inspectors declare that water is safe, many would-be bathers remain skeptical. On a hot, windy afternoon last week, actress Dianne Barrett was swimming herself on Toronto's Woodbine Beach, the only one of the city's 28 Lake Ontario beaches that was

still open, but she said that she had no intention of swimming there. Said Barrett: "I love to swim, but what the city says is irrelevant until they start seriously cleaning up the lake."

Unusually heavy rainfall in many parts of the country this season has resulted in the closure of many more beaches than last year, according to health inspectors in several provinces. And the inspectors point out that they test recreational waters only for the fecal coliform. Apart from the medical hazards, contaminated beaches are expensive to clean up. Several Ontario municipalities, as well as some provincially funded conservation areas, have begun to install equipment that holds or filters sewage-laden storm runoff to prevent it from polluting recreational waters. And according to biologists, the root of the problem lies in the way cities are designed. Said Michael Hough, a landscape architect and an associate professor of environmental studies at York University

in Toronto: "When rain falls on hard surfaces like roofs, sidewalks and roads, there is an enormous increase in runoff." In Western and Atlantic Canada only about a dozen beaches have been closed this summer. Health officials in Victoria, a city that dumps 118,000 cubic yards of raw sewage into the ocean every day, have closed two of 40 beaches in and around the community. Similarly, health inspectors based in Whitehorse, Alta., 60 km south of Edmonton, closed the beaches on Pyramid and Buck lakes for a total of 11 days in early July. Lucy Beck, supervisor of environmental health services with the World Health Unit, said that heavy rain in the area likely caused flooding of septic tanks and runoff from cattle farms. In Nova Scotia, meanwhile, health inspectors have closed about half a dozen beaches in and around Halifax, Dartmouth and Sydney.

As in previous years, the most serious problems have occurred in Canada's two largest provinces, Ontario and Quebec. Each summer, the Quebec environment ministry hires university biology students to test and rate water quality in different regions of the province. They report the levels of coliform to municipal medical officers of health, who decide whether to close a beach. Normally, they would order closure signs posted when 100-mL samples of water contain more than 300 fecal coliform. Only two of 42 beaches tested in the Eastern Townships, south of Montreal, have been closed this year. But in the Laurentian region north of the city, 13 of 175 beaches have been closed at various times over the summer.

In Ontario, where the standard for contaminants is only 100 coliforms per 100 mL, 28 water, municipal health officials have closed beaches in both urban and rural areas alike across the southern part of the province. Ontario's medical officer of health, Dr. Steven Corbin, recommended that one of three major beaches within the city be closed on July 30. By last week, he had closed the other two. Two public beaches in North Bay, a city of 53,000 located on the shores of Lake Huron, 304 km north of Toronto, were closed for most of July. On the Bay of Quinte at the eastern end of Lake Ontario, the beaches have been closed for varying periods at Prescott, Sandbanks and North Beach provincial parks. Charles Matheson, supervisor of the three parks, said that the first test that the Prescott and Sandbanks have been declared off limits to swimmers. He added that the three parks combined attract over 750,000 visitors



A closed beach in east-end Toronto; Hough (below): the root of the problem may lie with how cities are designed

year, making them among the most popular in the province.

Municipal officials and park managers who have experienced repeated beach closures have begun to search for, and in some cases find, new solutions. Brenda Pearson, general manager of the Upper Thames River Conservation Authority in London, Ont., said that, those years ago, the authority installed a spill system around the swimming area at one of its reservoirs at a cost of about \$500,000. The system is anchored to the bottom of the reservoir and attached to a floating collar at the surface, which keeps it upright in the water. At one end of the collar, water flows into the swimming area through an inlet channel. When the water is at the channel, it is exposed to ultraviolet light for two seconds, which kills any micro-organisms. Pearson added that health inspectors had declared the area unsafe for swimming at least once every summer for several years before the system was installed. Since then, the beach has been free of coliform contamination.

The city of Scarborough, a suburb of Toronto, is currently studying a similar, but larger and more complicated, system to handle its storm-water runoff, which now ends up in Lake Ontario. Michael Pross, Scarborough's com-

munity of public works, said that the system would likely consist of eight to 10 detention basins ranging in length from 40 feet to 120 feet. They would be anchored to the bottom of the lake and held upright by floating docks, and would be arranged in a series of rectangular pools. As the storm water passed from one pool to another, the debris, dirt and raw sewage would be filtered out. Then, the water would flow into Lake Ontario. The city of Toronto has already completed a \$4.2-million storm-water retention project, and public works officials say that it is a success. Nicholas Vardin, the city's commissioner of public works, said that, last winter, the city installed a concrete tank capable of holding 500,000 gallons of storm water and sewage beneath a park adjacent to Woodbine. In previous years, storm water and raw sewage frequently flowed straight into the lake during rainfalls. Now, the runoff remains in the tank and flows to a nearby sewage treatment plant after a storm. Vardin added that the city plans to install a larger retention tank at a cost of \$20 million, at another east-end beach by 1992. But cleaning up the city's west-end beaches by using retaining tanks could cost as much as \$40 million.

The increasing prevalence of contaminated

beaches has forced municipal politicians, urban planners and landscape architects to rethink the design of new subdivisions, according to Hough. He said that some municipalities around Toronto emphasize in their zoning bylaws that storm water must be stored and treated rather than released directly into creeks, rivers or lakes. In some new subdivisions, storm water is channeled into manmade ponds where sediments, which have most of the pollutants, slowly settle out of the water over time. Said Hough: "The beaches problem has created a sense of urgency because it is so visible. It affects your lifestyle."

Cleaning up beaches in rural areas is also difficult because there are so many potential sources of pollution, and they are usually spread over large geographical areas. Dale Barry, an engineer with the water resources branch of the Ontario environment ministry, said that bacterial contamination can occur when cattle drink directly from a creek, when manure gets washed into a waterway or when waste from a dairy farm ends up in a first-floor-rural subdivision, outcrops and acreages, which rely on septic systems for their sewage disposal, or another potential source of pollution, he said. Clearly, contaminated beaches have become a cause for increasing concern in cities and the countryside alike.

D'ARCY JENKINS with HAL GUNN  
on Toronto; AMY McVIGLIAN in Montreal;  
GLYN ALLEN in Halifax and correspondents' reports

# Breaking the code

The world examines the mysteries of genes

The quest is for the Holy Grail of modern science—a molecular decoder scheme that would enable us to map the molecular details of thousands of bits of information that make up the human genetic code, or genome. Scientists say that the information they hope to discover will offer clues to the causes—and possible cures—of more than 4,000 inherited diseases, as well as many others with suspected genetic links, including heart disease, schizophrenia and Alzheimer's disease. Others predict that the 15-year project will ultimately allow people to know, and perhaps change, their genetic makeup—or the genes of unborn children. The project has prompted debate in some circles over its ethical implications. Indeed, some scientists say that the growing bank of genetic knowledge could lead to human rights infringements if people are created for jobs or insurance policies because of flaws in their genetic makeup. All the same time, some Canadian scientists say that biomolecular wrongdoing has helped to stall efforts to secure funding for a Canadian role in the massive project.

Expected to cost up to \$4 billion over the next 15 years, the U.S. Genome Project, launched in 1989, has grown into an international effort involving the work of an estimated 3,000 scientists at the United States, Europe, the Soviet Union and Japan. Now Canadian scientists say that they will need up to \$150 million to fund their contribution to the massive map during the next 15 years. But Ronald Worton, geneticist-in-chief at Toronto's Hospital for Sick Children, said that, until recently, various organizations (not just Canadian scientific studies, including the National Research Council, the Medical Research Council (MRC) and the Natural Sciences and Engineering Research Council (NSERC), have as yet been unable to agree on which agency should provide the money, or where the money will come from. One problem is that agencies must specify research proposals, which scientists say they need money to provide. Stated Worton: "It's a fairly complex undertaking that can't be presented in a



DNA strands: Watson (below), key to human destiny



regular research proposal, or funded from the existing pot. So nobody is quite sure where to start."

The global project that Canadian scientists want to join is aimed at producing, by the early 21st century, a complete so-called map, actually a huge chart, showing the exact molecular sequence of about 100,000 genes: the genetic code-carrying units that are embedded in the deoxyribonucleic acid, or DNA, that makes up the core of human cells. Each gene contains part of the overall genetic blueprint that determines the physical makeup of all forms of life. The information is recorded in combinations of four chemical "bases," or nucleotides called adenine, thymine, guanine and cytosine. Each

piece of genetic information directs cells to produce proteins that determine everything from the height of a man and the color of his hair, to the shape of a woman's face and her tendency to develop certain illnesses. In all, a total of three billion DNA bases are involved in determining human characteristics.

The project that involves charting each of the bases and the genes they make up, so that doctors will some day know exactly which gene is responsible for every function of the human body, is the first comprehensive project to embrace the science of molecular biology. The brainchild of Robert Sanger, scientist, then chancellor of the University of California at Santa Cruz, the idea attracted the attention in 1984 of James Watson, the American biologist who, with British biologist Francis Crick, discovered the molecular structure of the two molecules in 1953. In 1985 the Bethesda, Md.-based U.S. National Institutes of Health (NIH) established an office of human genome research, led by Watson, to coordinate American efforts to map the genome.

Despite the delay in establishing a Canadian contribution to the project, Canada is a highly regarded partner in genetic research. Last August, doctors at Toronto's Hospital for Sick Children located the gene responsible for cystic fibrosis, a fatal disorder that affects one in every 2,000 children, and causes excess mucus to clog the lungs and digestive system. The team leader was Dr. Lap-Chan Tsui, who says a complete genome map would have allowed the discovery to take place three years earlier. "Right now, scientists have to start looking genes apart with each new project," he said. Tsui and other supporters say the proposed computerized map would eliminate that need, increasing scientific efficiency and enabling much faster work in complex genetics.

The same hospital's Worton is a member of the executive of the Human Genome Organization, a Geneva-based group of about 250 scientists from two dozen countries that met up last year to promote international collaboration in the genome effort. Said Worton: "Canada as a world leader, so people naturally ask why we're dropping our first on a project that will have huge benefits for the public and industry." Last October, Worton helped to write a general proposal for Canadian genome research which called for grants to run Canada at between \$25 million and \$50 million during the next five years.

For his part, Gilles Jolani, executive vice-president of the MRC, said that part of the reason for not including had not been designated for the project was that no one had determined the scope of a Canadian contribution to the Genome Project. His agency, said Jolani, would "not back over an envelope without knowing a specific project to fund." In an effort to resolve the ambiguity, the agencies agreed as June to

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South: ethical questions about the global search for cures, cures, cures and a Holy Grail

Let the Mac form a task force to review and recommend a potential ethical role. Lewis Bates, the council's director of programs, says Canadian researchers are already doing genetic research, but "the question is whether we should associate with this effort—whether we want to join the bigger club." Bates added that the HRC hopes to have the taskforce recommendations by the end of November, the Genome Project has sponsored independent reviews, including consultations that the huge undertaking may divert funding from other worthwhile causes. Some scientists say that the HRC's role is to ensure that the Genome Project, in which technicians will spend thousands of hours recording data, has caused some scientists to worry that money will be diverted from basic science to an unusually technical exercise. For his part, Michael Smith, director of the biotechnology laboratory at the University of British Columbia, said that he feared that, in Canada, "genetic research may suffer" if new funding is not allocated, forcing Canadian scientists to pursue genetic research from existing funds.

At the same time, the information gathered through research into the human genome poses difficult ethical questions. One kind of genetic dilemma could emerge when science becomes capable of predicting an individual's genetic destiny. The suspicion that can result from the possibility of possessing such knowledge directly affects the more than 12,000 Canadians who are at risk of developing Huntington's disease, a rare degenerative disorder that usually begins to affect people in their 30s or 40s. Although Henry

Wessler, an associate psychology professor at New York City's Columbia University, helped to develop a test in 1986 to determine who will develop Huntington's, also said that many people "are not mentally prepared to handle knowing a fate they really can't change."

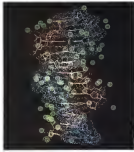
Other scientists say that the huge investment of time and money in genetic research will reinforce the conventional theory of biological determinism, which maintains that heredity is the main force that shapes human behavior and social destiny. Proponents point to recent studies that showed striking similarities in the lives of identical twins who were raised apart, appearing to suggest that even an individual's choice of profession or his spouse's name may be hidden in his genes. But Smith of those worried about the ethics and potential abuse of genome research. "The trouble starts when people measure or blame biology for things that really can't be measured. There isn't a single gene for intelligence or for faithfulness."

As well, some scientists say that a road map of the human genome could open the door to new forms of discrimination. In the future, employers might have job applicants to submit to genetic testing. As a result, applicants with a genetic susceptibility to certain diseases might never be able to find jobs. At the same time, some U.S. insurance companies have already called for access to results of genetic testing by private physicians to help them assess the risks associated with prospective new customers. Insurance companies say they do not want random testing, but admit that results could be useful. Saul James Wright, a spokesman for the Toronto-based Canadian Life and Health Insurance Association, "family histories are already a form of crude genetic testing. Specific tests could prove who is really prone to diseases, making rates more fair for everybody."

Despite the issues surrounding human genome research, most scientists maintain that the massive effort is more likely to benefit the human race than to harm it. And members of the international scientific community are eager to have Canada as a player in the project. Norton Zinder, chairman of the HRC genome advisory committee, calls the project "a really exciting global venture in which Canada is noblesse oblige." Without funds or official support, Canadian scientists say that they may miss the chance to play a part in one of the most important scientific undertakings of the century.

DIANE BRADY

Conquered DNA usage: shaping from head to foot





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## Sportscasters risk jobs for telling it like it is

BY GEORGE BAIN

In the pre-game gabble-gabble at some recent World Series Joe Garagiola, catcher-turned-baseball-analyst, wisely identified "the media" as having got something all wrong. At that, one believes—this case—where discrepancy it is to talk back to TV screens, started. "What do you think you are, then, criticizing me for saying that misophony?" The question remains good, but it's easier than just possible Garagiola was right. If big-league sportscasters are "media," then anyone, journalist, they are more under the thumb of the people they report on than most news organizations would tolerate for the rest of their staffs.

Last December, broadcaster Dave Hodge whined away time on a flight working out which National Hockey League (NHL) teams had fired how many coaches and managers during the previous 10 years. Hodge has completed last year's Chicago Black Hawks and Toronto Maple Leafs, the cases he was about to cover for Global Television. That led to his controversial game commentary including the observation that the Leafs had fired more coaches and four general managers, but had had just one victory—and had won no Stanley cups. That was his last hockey broadcast for Global. He still can't be sure he pointed references to that one constant in the Leafs' dismal history did it, but a few days later he was told he was being set down. He was paid, but didn't work, then went off the season, said, when it ended, wrote the network saying he resigned—but contract had two years to run—that he would be back next season. The assumption, he was told by telephone, was wrong.

Essentially, whether Hodge was a host with a biased mandate to comment, or a pundit confined only by rules of decorum and accuracy, is now in the hands of lawyers. But, in general, it is readily apparent that game broadcasters work under peculiar constraints. Broadcast rights to hockey, particularly in Canada, are valuable to the networks. Consequently, even without a club's calling up the ultimate deter-

*'Obviously, the broadcast rights are the property of the ball club. We're selling our show, and usually there's bidding for it'*

rent—the threat to place the rights elsewhere and across—the simple complaint that a member of the broadcast team is audaciously "positive" commandeers serious attention.

There is also an abiding factor in the web that exists between some clubs, program producers and television sponsors. Larry Rosenzweig of Canada (and U.S. Howard Winters) are such owners of the Toronto Blue Jays. As a franchisee of the American League, the Jays, and by extension Labatt's, have an obligation to organized baseball to keep the image of the sport from home. Downstream, Labatt's owns TV Labatt, which produces Jays games seen on CTV (but not on The Sports Network TSN, which produces its own). The CTV game crew, Don Chivers (play-by-play), Tommy Holton (color) and Penge Oliver (behind-the-plate) are contracted out to CTV but to TV Labatt. All of that does not encourage deep critical analysis.

In hockey, Molson, McCormick, an agency of Molson-Breweries, produces most live games in Canada, including those of the Montreal Canadiens, which are owned by the Molson Co., which in turn are 50-per-cent partners in Molson-Breweries, which is in turn a major commercial sponsor of Canadian broadcasts. Apart from appearances of poten-

tial conflict of interest, such appearances in negotiations produce odd results. Also, Clark, CBC director of TV sports, negotiates Don Cherry's salary, but Cherry is paid by Molson's chosen.

That comes from Molson serving, at least in the CBC view, as an agency to help to sell the hockey for it; Cherry's pay is incorporated, the fee the CBC pays. In football, Ron Sawada, vice-president, sports, at Molson's, is the former director of broadcasting for the Canadian Football League (CFL), where, in 1986, he helped create the Canadian Football Network (CFN). CFN is a syndicate of independent television, which shows CFL games with the CBC and TSN. Its game broadcasters are under contract, as Simpson says, "to me, in essence, their contracts are with Molson's."

No case can be made that such arrangements are designed to shield game broadcasters' benefits sponsors' products. But what they do do to ensure that games are presented always the best light—of maximum importance to club owners, because of the millions lost if no rights are worth playing, because (for now) contractualists' players because a growing pool of sports fans means baseball—consumer, restaurants, and sponsors, because sports fans, such a splendid advertising vehicle. As a journalistic environment, they are a desert.

But are game broadcasters journalists? Dave Hodge thinks of himself as one, because of his commitment and responsible to viewers to do so. Also Clark, who came to the sports job at the TV from the news side at CBC Radio, thinks it is our sports team can "examine issues at challenge exceptions." Rick Rocco, a TV vice-president, sees the play-by-play job as a reporter and the "color" man as slightly a columnist, and, as a result, regard them as journalists. Doug Bonar, at Globe, says that sportscasters doing panels or other in-studio shows have the same liberty as sportswriters in paid to speak their minds—and he mentions, in case who does, Pat Marlowe—but that some during the games may accept the reality that "the right to determine who goes on the broadcast crew remains up to the club."

Howard Sternman, the Blue Jays' public relations director, similarly says game crews, critics in perspective of the club's schedule. In his own words, "Really what it is, is obvious the broadcast rights are the property of the club. We're selling our show, and usually there's bidding for it as a radio or television. We sell them the rights to broadcast our performance, in what it is. It depends on each club in each sport, the contracts all vary. Generally it's either a situation where the club will not play the seasons on their payroll or will be employed on the payroll of the people who get the rights, and usually, if that's the case, the club will usually have some say in who its broadcasters are because they own the actual right and they would usually retain if they're smart enough to, and everybody is, of course."

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# Bitter postscript

A conservative assails Reaganomics

THE POLITICS OF RICH AND POOR

By Kevin Phillips  
(Random House, 362 pages, \$26)

They were the best of times, they were the worst of times, Kevin Phillips writes of the Reagan era in his controversial new book, *The Politics of Rich and Poor*. Whatever else they may have been, the 1980s were years that brought a massive redistribution of wealth within the United States. By looking hard at where the money has gone, Phillips, a Republican political analyst who helped elect Richard Nixon in 1968, is on his way to doing the same for the next U.S. president—one he believes will be a Democrat. Phillips's conservative credentials—his 1969 book, *The Emerging Republican Majority*, predicted a long conservative crisis—have allowed him to write a critique of Reaganomics that no American liberal could possibly match.

Phillips's exhaustive statistics confirm what is obvious to those who have walked the crumbling streets of Manhattan, peering down the boarded-up stretch lanes and the vertebrae-boneless, the tax cuts and denigration of the so-called Reagan Revolution discussed money towards those who already had, while leaving tens of millions in poverty. The top 10 per cent of U.S. households now control 48 per cent of the nation's wealth, the bottom half barely 28. The results he cites are widespread underemployment, an shored-up underclass, reckless violence and high urban mortality.

The extremes generated by a decade of Republican greed will be the party's own undoing, Phillips predicts. As in past heydays of laissez-faire capitalism—the 1920s, or the Gilded Age of a century ago—wealthers inevitably create a populist reaction. Battered rule by either U.S. political party, says Phillips, eventually comes to its knees both with the public and because the target of electoral revolt. He shows how Republican performance has passed from Nixon's "Middle American nationalism" to the entrepreneurial enthusiasm of Ronald Reagan's first term, to the excess, irresponsibility and corruption of the late 1980s—a tale of \$30-million golden parachutes and trillion-dollar trust company bal-



Phillips: Republicans brought greed, excess

con. "Most of Phillips' *Emergence* had increasingly degenerated into speculation and greed, promoting a serious miscalculation of national income and resources."

All that should have been a godsend to 1988 Democratic presidential candidate Michael Dukakis, Phillips contends. But Dukakis blew his chance by refusing to criticize neo-conservative conservatism, the new Republican strategy concocted was their most vulnerable. Striking from the issue of class war set for the Democrats, "the world's second most enthusiastic capitalist party," notes Phillips, he cites as an example Democratic President Jimmy Carter (1977-1981), who anticipated such Republican measures as a cut in capital gains taxes, a tight-money policy and denigration of key industries, which gave free rein to the owners.

With the election of George Bush, the Republican era has nonetheless come to the end of its cycle, Phillips says. The middle class is fed up with public subsidies in the rich, he argues. The stage is thus set for sweeping change in U.S. politics, towards New Deal-type govern-

ment intervention, full-scale redistribution of wealth and massive federal investment in public works, education and protection of the environment.

Such predictions have now made Phillips the darling of the Democrats, including such "left-of-center" liberals as Jesse Jackson. In actuality, the Democratic party's more conservative members—who regard Jackson as an obstacle to the party's recovery of the White House—use the book as a campaigning manifesto. Americans who reject George McGovern-style New Liberalism. Not surprisingly, Phillips's last concern is the cause of social justice. His novel epilogue in Washington and conservative pundit, Mahomet Amos, has branded it ideology "country-and-western Marxism."

But it is Phillips's faith in the self-correcting nature of the American system that has drawn the sharpest criticisms of the book. As Phillips himself notes, the fastest-growing U.S. party is composed of those who don't vote at all—more than 50 per cent of the population in the last election. Reaganomics, Phillips argues, has opened so tightly against certain groups that it has effectively disenfranchised them, thereby ensuring a large part of the constituency of any future Franklin Roosevelt New Dealism.

At the same time, American society is hopelessly debt-ridden. After eight years of economic expansion, Washington owes more money than it ever has—a predicament far different from the one that confronted reform-minded Democrats of the past. The sad reality, perhaps, is that the United States can no longer afford the American Dream.

LAUREY BLAKE

## Maclean's

BEST-SELLER LIST

### FICTION

- 1 *The Border of Peace*, Tatum (1)
- 2 *Blind of the North*, Moore (2)
- 3 *Memoirs of Huckleberry Finn*, Stiehm
- 4 *The Women in His Life*, Bradwell (4)
- 5 *Stardust*, Foster (3)
- 6 *Get Shorty*, Carroll
- 7 *Tarzan Regained*, Morrison
- 8 *An Inconvenient Woman*, Jones (5)
- 9 *Memoirs from Heaven*, Best (7)
- 10 *Slippery Legs and All*, Sontag (2)

### NONFICTION

- 1 *Counting Down*, Barber (2)
- 2 *Barbaric Sea & Co.*, Wilson (2)
- 3 *Magnum 2000*, Muellet and Abundant (3)
- 4 *The Trouble with Canada*, Carrière (4)
- 5 *Coyote*, Sir Richard Francis Burton, Rios
- 6 *Moon's Table*, Jure (7)
- 7 *Disturbing the Peace*, Mead (5)
- 8 *Letters to Bernadette*, Rys
- 9 *Seminar de Beauvoir*, Carr (2)
- 10 *The Sea Is at Our Obedience*, Gorman (2)

(1) Position last week

Compiled by Brian Robinson

# Whose news do most choose?



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**Maclean's**

THE WELL-INFORMED CHOICE.



## It gets even funnier— if space allowed

BY STEWART MacLEOD

What's going on here anyway? For seasons unknown, not a day goes by without someone yapping about our infamous "summer of discontent," leaders with national dignity, regional strids, ethnic anger, domestic turmoil, dejected politicians and any other assorted plague that mangles the mind.

If there was ever before such a dreary litany of woes, it must have been interrupted by a world war. As a nation, it would seem, we're heading towards hell in a motorized handcart. We haven't seen a newscenter crack a smile since Prince Philip admitted one of his legendary quaps—"Not more brownies!"

And why? Granted, we have a few basic problems, but overall, this must surely be one of the most extraordinary summers since our Centennial Year in 1967. It's been a beautifully blameless and easy year, and yet we're not even lifting our eyes to notice. Meech Lake, deal of course, contributed decisively to the sedation of our national psyche, but we can't go on blaring that disastrous document for everything.

For what good reason, as for example, did the nation fail to explode, or implode, or giggle when, tomorrow morning, we'll finally witness the sober Second Thought, to give themselves that shy little attendance bonus? It's not every day that guests of the taxpayer, already earning \$72,000 in salary and expenses, grant themselves another \$153 a day, merely for showing up and shouting "Present!"

We quietly pray the precedent will spread to the workplace—and quickly.

Did you hear any yapping? Not a titter. For all we care, the Chamber of Super Second Income could have been discussing the abstract poetry of politicians.

In fairness, it should be noted that, at the time, we were distracted by the budget-line trial, the one where we were reminded that information cannot be technosocially stolen—just

*Why did Canadians  
fail to explode in  
giggles when  
the senators gave  
themselves a nice  
little bonus?*

the material containing it, such as paper. With our going into all the qualifications—that would require research—we can only speculate on the curious consequences for, say, signs and copyright violation. If they were simple paper thieves perhaps we treated them somewhat harshly in the past. Excusing them, for instance.

A wonderful field for summer exploration. Besides, the media once again led us all back, with another round of those debilitating debates about some mysterious victory for freedom of the press—a conclusion we can magically manufacture even from the depths of garbage bins. Lord, that's boring stuff, the literary equivalent of Lawrence Wells playing Spanish Eyes on a business accordion.

However, that's a mere digression. Other things happened this summer that weren't the least bit boring. And they included that extraordinary opinion poll by Dr. Galby's people—asking whether Brian Mulroney, Jean Chretien or Audrey McLaughlin would make the best prime minister.

And, in case you were vacationing in Peru at the time, the second-place finalist in most regions was someone named "None." In British Columbia, None actually finished first, as

electrifying eye stimulator for the three losers who came equipped with names.

Incidentally, expect not them by the name of Mr. or Ms. None would be a damned fool to enter politics.

Monday night, along, what about the Prime Minister's trip to Boston where he and President George Bush announced that Canada-U.S. talks would now begin in and out? Now, we know it comes to proven entertainment material, it's hard to test. Spectators on both sides of the border have been lapping up the same stuff since 1985—when Mulroney and then president Reagan launched the acid rain talks, along with their famous stopgap, at the Rock Stock Summit. If an agreement is actually signed some day, we deserve nothing less than a cruise from the Maritime Tidescape Coast.

Summer of discontent? No named. Now, about that monstrous byproduct of the Montreal rising at Lacerte-Me-Me—the federal use in which only one single copy of there was a federalist. Good thing it wasn't potential legislation, eh?

But that's not the funny part—although come to think of it... No, what's so absolutely Conservative about that routine was that the federal Tories announced a self-development sovereignty and then tried to help them with one of the poorest ridings in Quebec by announcing a \$5.5-million grant to a corner restaurant. He got four per cent of the vote. Come on, think about it. Wouldn't you have been the agent who broke the news to John Dineen? Unless Mickey Pytko got there first.

Still in the delirium? We're not though. The best entertainment might yet be coming when the Prime Minister plays every Senate rascally—and perhaps attracts a few new ones—do ensure that the government's previous Goods and Services Tax won't be blocked by the same obstinate Grits who laid up the Free Trade Agreement. He could be playing with up to 17 opponents, but this is not time for political sagacity.

We're into hardball, finding 17 men and women who are not only dedicated Tories but also unfurling supporters of the GST.

Could be some dimes in that bunch.

Speaking about garbage—which we don't actually see—didn't you admire the opportunity by the Prime Minister, of Jean-Claude Pelletier to be named two to the Canadian Experience? Sure? No diplomatic experience but, when the hell, he had been national director of the Conservative party, a chief of staff in a Tory minister and director of the party's research office. With these qualifications, we're talking \$100,000 a year in salary. He should amount his boss, the ambassador, who gets closer to \$77,000. In fact, he might end absolutely hysterical.

Mr. Pelletier comes from Blue-Conservative.

Now, for a real treat, let's go to the British Columbia Legislature for a party snap of the shocking Confusion Phoenix Citizens' Initiative. Then, we're out of space. Always happen just when you get it the good part.

Stewart MacLeod is Ottawa columnist for Thomson Press Service.

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**Q**  
How can I anticipate what's unexpected?

**A**  
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